



JAN 1 5 2013 PUBLIC SERVICE COMMISSION



Your Touchstone Energy® Cooperative

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS)ELECTRIC CORPORATION FOR A)GENERAL ADJUSTMENT IN RATES)

Case No. 2012-00535

VOLUME 3 of 5

APPLICATION TAB 38

FILED: January 15, 2013

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Big Rivers Electric Corporation Case No. 2012-00535 **Forecasted Test Period Filing Requirements** (Forecasted Test Period 12ME 8/31/2014; Base Period 12ME 4/30/2013) 1 **Tab No. 38** 2 **Filing Requirement** 3 807 KAR 5:001 Sec. 10(9)(o) 4 **Sponsoring Witness: Billie J. Richert** 5 6 7 **Description of Filing Requirement:** 8 Complete monthly budget variance reports, with narrative 9 explanations, for the twelve (12) months prior to the base 10 period, each month of the base period, and any subsequent 11 months, as they become available. 12 13 **Response:** 14 Complete monthly budget variance reports, with narrative 15 explanations, for the twelve (12) months prior to the base 16 period (i.e., May 2011 through April 2012) and the months of 17 the base period that are available as of the date of this filing 18 (*i.e.*, May 2012 through October 2012) are attached to this 19 response, and are filed under a Petition for Confidential 20 Treatment. 21

Big Rivers will provide variance reports for subsequentmonths as they become available.

Case No. 2012-00535 Tab No. 38 807 KAR 5:001 10(9)(0) Page 1 of 1

Monthly Financial Report – October 2012



Your Touchstone Energy Cooperative

Financial Report October 2012 (\$ in Thousands)

Board Meeting Date: December 21, 2012

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2012 2011 Fav/(UnFav) Fav/(UnFav) **Budget** Variance Actual Variance Actual (518)469,969 (48,752)469,451 518,203 Revenues 460,631 (1,334)461,965 516,953 54,988 Cost of Electric Service 6,236 9,338 (1,852)7,486 1,250 **Operating Margins** 384 548 252 636 88 Interest Income/Other 9,590 (1,468)8,122 1,338 6,784 Net Margins - YTD 6,874 5,151 1,311 10,714 12,025 November - YTD

Summary of Statement of Operations YTD - October



Year Touchstone Energy Cosperative XI

Statement of Operations – October Variance to Budget

		***		\mathcal{O}			
	Current Month		Y	Year-to-Date			
	Sau	ent wonu	Variance			Variance	
			Fav/(UnFav)	Actual	Budget	Fav/(UnFav)	Explanation
	Actual	Budget	Fav/(UIIFav)	Actual	breger		
				105 101	514,859	(49 675)	[A] Pages 7, 9-13, 16-21
ELECTRIC ENERGY REVENUES	46,001	59,931	(13,930)	465,184			[B], [C] Page 22
OTHER OPERATING REVENUE AND INCOME	409	334	75	4,267	3,344	923	
OTHER OPERATING REVENUE AND INCOME							
TOTAL OPER REVENUES & PATRONAGE CAPITAL	46,410	60,265	(13,855)	469,451	518,203	(48,752)	
IDIAL OPER REVENUES & PARIORAGE ON THE							
	3,682	4,652	970	40,074	46,163		[A] Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	18,171	18,417	246	184,004	199,523		[A] Pages 8, 14-15
OPERATION EXPENSE-PRODUCTION-FUEL		19,152	8,292	95,141	109,418	14,277	[A] Pages 8, 14-15, 23
OPERATION EXPENSE-OTHER POWER SUPPLY	10,860		(3)	8,266	8,993	727	[C] Page 24
OPERATION EXPENSE-TRANSMISSION	903	900		1,854	2,058	204	
OPERATION EXPENSE-RTO/ISO	191	185	(6)	487	614	127	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	96	63	(33)		956		[B], [C] Page 25
OPERATION EXPENSE-SALES	39	85	46	142		385	[D], [D] · dgo zo
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,331	2,223	892	21,709	22,094	305	•
OPERATION EXPENSE ADMINISTICATIVE & CETELET							
	35.273	45,677	10,404	351,677	389,819	38,142	
TOTAL OPERATION EXPENSE	00,270						
	3,761	6,686	2,925	34,633	51,783		[B], [C] Page 26
MAINTENANCE EXPENSE-PRODUCTION		353	20	4,069	3,348	(721)	[B], [C] Page 27
MAINTENANCE EXPENSE-TRANSMISSION	333	355	(6)	142	86	(56)	
MAINTENANCE EXPENSE-GENERAL PLANT	14	8	(0)	112			•
			0.000	38.844	55,217	16.373	
TOTAL MAINTENANCE EXPENSE	4,108	7,047	2,939	38,644	20,211	10,071	
					04 004	576	
DEPRECIATION & AMORTIZATION EXPENSE	3,396	3,525	129	34,248	34,824	•	
	0	0	0	4	1	(3)	
TAXES	3,809	3,769	(40)	37,528	37,241	(287)	
INTEREST ON LONG-TERM DEBT	(70)	(77)	(7)	(649)	(481)	168	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	0	0	0	55	0	(55	
OTHER INTEREST EXPENSE	-	43	(28)	258	332	74	
OTHER DEDUCTIONS	71	43	(20)				
			40.007	461,965	516,953	54,988	
TOTAL COST OF ELECTRIC SERVICE	46,587	59,984	13,397	401,303	0.01000		
				7.400	1,250	6,236	
OPERATING MARGINS	(177)	281	(458)	7,486	1,250	0,200	
OFERCIALS MARKONS							
						E00	[B] Page 29
INTEREST INCOME	174	5	169	578	55		
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0	
ALLOWANCE FOR FUNDS USED DURING CONST	ő	0	0	0	0	C	
OTHER NON-OPERATING INCOME - NET	0	0	0	58	33	25	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0		0	0	()
EXTRAORDINARY ITEMS	0	0	0				
			(000)	8,122	1,338	6,784	4
NET PATRONAGE CAPITAL OR MARGINS	(3)	286	(289)	0,122	,,000	5,7 5	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Statement of Operations – October Variance to Prior-Year

	Current Month			•	Year-to-Date			
	U U		Variance			Variance		
	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav)	Explanation	
	Actual	Prior real	ravi(unrav)		11101 100.	(20)(20)		
ELECTRIC ENERGY REVENUES	46,001	44.667	1,334	465,184	466,987	(1,803) [A] Pages 7, 9-13, 16-21	
	40,001	813	(404)	4,267	2,982	1,285	B], [C] Page 22	
OTHER OPERATING REVENUE AND INCOME	409	013	(404)		21000			
TOTAL OPER REVENUES & PATRONAGE CAPITAL	46,410	45,480	930	469,451	469,969	(518)		
			250	40.074	41,535	1 461 1	Al Pages 8, 14-15, 23	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,682	4,534	852					
OPERATION EXPENSE-PRODUCTION-FUEL	18,171	17,655	(516)	184,004	190,762		A] Pages 8, 14-15	
OPERATION EXPENSE-OTHER POWER SUPPLY	10,860	8,964	(1,896)	95,141	92,143		[A] Pages 8, 14-15, 23	
OPERATION EXPENSE-TRANSMISSION	903	718	(185)	8,266	7,638	(628)		
OPERATION EXPENSE-RTO/ISO	191	223	32	1,854	2,056	202		
CONSUMER SERVICE & INFORMATIONAL EXPENSE	96	27	(69)	487	372	(115)		
OPERATION EXPENSE-SALES	39	2	(37)	142	131	(11)		
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1.331	1,891	560	21,709	21,871	162		
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1.001				······			
TOTAL OPERATION EXPENSE	35,273	34,014	(1,259)	351,677	356,508	4,831		
AND THE TRANSFORMED BOODUCTION	3,761	4.040	279	34,633	33,221	(1.412)	[C] Page 26	
MAINTENANCE EXPENSE-PRODUCTION	333	436	103	4,069	3,783	(286)		
MAINTENANCE EXPENSE-TRANSMISSION		430	10	142	118	(24)		
MAINTENANCE EXPENSE-GENERAL PLANT	14	24	10	147Z	110			
TOTAL MAINTENANCE EXPENSE	4,108	4,500	392	38,844	37,122	(1,722)		
	3,396	2,499	(897)	34,248	28,873	(5.375)	[B], [C] Page 28	
DEPRECIATION & AMORTIZATION EXPENSE	3,390	2,495	(037)	4	128	124	[-], (-] · -]	
TAXES	-	-		37.528	38,246	718		
INTEREST ON LONG-TERM DEBT	3,809	3,796	(13)		(476)	173		
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(70)	(26)	44	(649)	(478)	4		
OTHER INTEREST EXPENSE	0	0	0	55				
OTHER DEDUCTIONS	71	12	(59)	258	171	(87)		
TOTAL COST OF ELECTRIC SERVICE	46,587	44,795	(1,792)	461,965	460,631	(1,334)		
OPERATING MARGINS	(177)	685	(862)	7,486	9,338	(1,852)		
		_		670	100	440	IRI Rogo 20	
INTEREST INCOME	174	7	167	578	138	440	[B] Page 29	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	-		
OTHER NON-OPERATING INCOME - NET	0	0	0	0	9	(9)		
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	58	105	(47)		
EXTRAORDINARY ITEMS	0	0	0	0	0	0		
-								
NET PATRONAGE CAPITAL OR MARGINS	(3)	692	(695)	8,122	9,590	(1,468)		

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Your Touchstone Energy Cooperative KT

Variance Analysis Summary



Financial Commentary

Year-to-Date

October YTD 2012 Margins were \$6,784 favorable to budget.

- Revenues were unfavorable \$48,752 primarily due to lower off-system price & volume along with lower rural volume and lower rates (see page 7).
- Operation Expense was favorable \$38,142 driven by lower variable costs \$32,373 primarily due to lower variable costs per MWh (see page 8). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23-25).
- Maintenance Expense was favorable \$16,373 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and cancellation of the Coleman 1 & 3 planned outages to offset the lower power market (see pages 26-27).
- Interest Income/Other is favorable \$548 primarily due to the interest income on the capital term certificates that were part of the financing that took place earlier this year (see page 29).



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Variance Analysis Summary



Financial Commentary

Year-to-Date

October YTD 2012 margins were \$1,468 unfavorable to 2011.

- Revenues were unfavorable \$518 primarily due to the lower off-system pricing and volumes. This unfavorable variance was offset by the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011) and higher transmission revenue (see pages 7 & 22).
- Operation Expense was favorable \$4,831 driven by lower variable costs \$8,581, due to volume, partially offset by higher expenses associated with Station-Two and higher Fixed Departmental Expenses (see pages 8 & 23).
- Maintenance Expense was unfavorable \$1,722 primarily due to the Wilson planned outage this year (see page 26).
- Depreciation, Interest Expense, Taxes & Other combined was higher \$4,443 due to higher depreciation expense, partially offset by lower interest expense (see page 28).



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Revenue <u>YTD October</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MWh Sales</u>					
Rural	1,931,643	1,958,728	(27,085)	1,988,751	(57,108)
Large Industrial	806,822	802,280	4,542	821,345	(14,523)
Smelter	6,178,296	6,097,560	80,736	5,636,712	541,584
Off-System/Other					
Total					
Revenue - \$/MWh				·	
Rural	50.79	53.38	(2.59)	46.76	4.03
Large Industrial	43.03	45.85	(2.82)	41.50	1.53
Smelter	48.67	51.84	(3.17)	44.19	4.48
Off-System/Other				e en	
Total	an a				
Revenue - Thousands of \$					
Rural	98,117	104,558	(6,441)	93,001	5,116
Large Industrial	34,719	36,787	(2,068)	34,084	635
Smelter	300,720	316,082	(15,362)	249,071	51,649
	. A Charles Carlos Part and	u a se e des	1997 - 18	3458 (H. 1974)	Native de la très
Off-System/Other	이 집에 가지 않는 것이 가지 않는				

Revenue Price / Volume Analysis October 2012

	Pri	ce / Volume	
	Price	Volume	<u>Total</u>
Rural	(4,996)	(1,445)	(6,441)
Large Industrial	(2,276)	208	(2,068)
Smelter	(19,547)	4,185	(15,362)
Off-System/Other			



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Variable Operations Cost YTD October

	Actual 2012	Budget 2012	Variance	Actual 2011	2011 Variance
Variable Operations (VO) Cost - \$/M	100 C 100				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					an la de la constitución de la constitución An la constitución de la constitución
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				and the set of the set	

YTD October 2012 Variable Operations Expense

	Actual	Budget Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Varianco Fav/(UnFav)	e Fav/(UnFav)
Reagent Fuel Purchased Power Non-FAC PPA (Non-Smelter)					

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Net Sales Margin YTD Margin

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin - \$/MWh	Take was the Advante Million and the Sources				a ten da Antonio presidente da ten do da 201
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total			Gent		

Net Sales Margin Price / Volume Analysis October 2012

Price / Volume

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<u>Price</u> <u>Volume</u> <u>Total</u> Off-System/Other

Rural Large Industrial Smelter



Member Rate Stability Mechanism <u>YTD October</u>

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	Actual	Budget	2012	Actual	2011		Actual	Budget	2012	Actual	2011
	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>		<u>2012</u>	2012	Variance	2011	Variance
<u>MRSM - \$/MWh</u>						<u>Net Revenue - \$/MWh</u>					
Rural	(6.24)	(8.85)	2.61	(6.36)	0.12	Rural	44.55	44.53	0.02	40.40	4.15
Large Industrial	(6.24)	(8.85)	2.61	(6.36)	0.12	Large Industrial	36.79	37.00	(0.21)	35.14	1.65
Total	(6.24)	(8.85)	2.61	(6.36)	0.12	Total	42.27	42.34	(0.07)	38.86	3.41
MRSM - Thousands of \$						Net Revenue - Thousand	s of \$				
Rural	(12,024)	(17,409)	5,385	(12,642)	618	Rural	86,093	87,149	(1,056)	80,359	5,734
Large Industrial	(5,053)	(7,028)	1,975	(5,218)	165	Large Industrial	29,666	29,759	(93)	28,866	800
Total	(17,077)	(24,437)	7,360	(17,860)	783	Total	115,759	116,908	(1,149)	109,225	6,534

Economic Reserve Balance								
Cumulative-to-Date		<u>Actual</u>	E	<u>Budget</u>	Va	ariance		
Original Deposit	\$	157,000						
Interest Earnings		3,142						
Withdrawals		(76,538)						
Ending Balance 10/31/2012	\$	83,604	\$	76,627	\$	6,977		
YTD October 2012								
Beg. Balance 1/1/2012	\$	100,601						
Interest Earnings		378						
Withdrawals		(17,375)						
Ending Balance 10/31/2012	\$	83,604	\$	76,627	\$	6,977		

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MWH Sales YTD - October

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Revenue - \$/MWh Sold YTD - October

\$55.00 \$53,38 \$51.84 \$51.19 \$50.79 \$50.00 \$48.67 \$48.51 \$46.76 \$45.85 \$45.22 \$45.00 \$44.19 \$43.03 \$41.50 \$40.00 \$35.00 \$30.00 \$25.00 Rural Large Industrial Member Average (Non-Smelter) Smeiter Off-System Weighted Average E Favorable Budget Unfavorable ⊔ Prior Year



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Revenue YTD - October



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Variable Operations - \$/MWh Sold YTD - October





Variable Operations Cost YTD - October





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Net Sales Margin - \$/MWh YTD - October





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Net Sales Margin YTD – October





MRSM - \$/MWh YTD - October





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MRSM YTD - October





Net Revenue (Excl. MRSM) - \$/MWh YTD - October

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Unfavorable

□ Prior Year



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Net Revenue (Excl. MRSM) YTD - October

\$100,000 Thousands \$90,000 87,149 86,093 80,359 \$80,000 \$70,000 \$60,000 \$50,000 \$40,000 29,666 29,759 28,866 \$30,000 ÷ \$20,000 \$10,000 \$0 Rural Large Industrial Favorable Budget Prior Year Unfavorable



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Other Operating Revenue and Income

		2012			2011
			Variance	2011	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
October YTD	4,267	3,344	923	2,982	1,285

The favorable current and prior-year variance is due to higher transmission revenue this year.



Non-Variable Production and

Other Power Supply – Operations

	2012			2011
		Variance	2011	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
		3,512		(3,360)

October YTD

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	575
Station II & Plant Operations reductions (Labor & Non-labor)	3,451
Depreciation/Other	(514)
Non-Variable Production and Other Power Supply - Operations	3,512
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(79)
Station-Two O&M [driven by higher outage & labor expense in 2012]	(2,145)
Station-Two [higher depreciation expense]	(1,040)
Other	(96)
Non-Variable Production and Other Power Supply - Operations	(3,360)



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Operation Expense – Transmission

		2012	· · · · · · · · · · · · · · · · · · ·	
	Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	
October YTD	8,266	8,993	727	

Favorable to budget as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 28).



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Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)
October YTD	142	956	814

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



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Maintenance Expense – Production

2012		2011		
		Variance	2011	Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
		17,150		(1,412)

October YTD

The favorable YTD variance vs. budget is due to scope reduction of planned outages to offset the lower power market. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the cancellation of the unit 1 and unit 3 outages. The planned outage on the gas turbine was also cancelled. The planned outage at the Wilson facility was reduced in scope.

The unfavorable variance to prior-year is driven by the Wilson spring planned outage this year.



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Maintenance Expense – Transmission

		2012	
			Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
October YTD	4,069	3,348	(721)

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 24).



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Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
October YTD	34,248	28,873	(5,375)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.

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Interest Income

	2012		<u>.</u>	2011
		Variance	2011	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
578	55	523	138	440

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October YTD

Favorable to budget and prior-year due to the interest income on the capital term certificates that were part of the financing that took place earlier this year.



<u>North Star – YTD October</u>

		2012		201	11
		ŕ	Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service	an a		54,988		(1,334)
Other Operating Revenues & Income	(4,267)	(3,344)	923	(2,982)	1,285
Smelter Avoidable Base Charge	(358)	0	358	(2,594)	(2,236)
Off-System Sales/Other					
Interest Income	(578)	(55)	523	(138)	440
Other Non-Operating Income	0	0	0	(9)	(9)
Other Capital Credits & Pat. Dividends	(58)	(33)	25	(105)	(47)
			31,013		(61,103)
Member MWh	8,916,761	8,858,568	58,193	8,446,810	469,951

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North Star - \$/kWh



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	Actual	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	37,528	37,241	(287)
Net Margins			
TIER - YTD October			
TIER (12 months ending 10/37	1)		

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

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Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	1,244	2,116	. 872
Generation	24,315	49,718	25,403
Transmission	7,123	10,216	3,093
Other	942	12,360	11,418
Total	33,624	74,410	40,786

Explanation:

IT was favorable \$872 due to the favorability of the Oracle Extensions project, as well as the timing of the OSI EMS Hardware/Software projects.

Generation was favorable by \$25,403. Coleman Station was favorable \$9,750 due to the C1 and C3 outage deferrals/cancellations. Green Station was favorable by \$6,616 due to the G2 outage deferral, as well as the reduction of the FGD project and cancellation of the Coal Sampler project. Wilson Station was favorable \$8,248 primarily due to outage scope reductions/deferrals. Station-Two was favorable \$789 largely due to favorability of the H1 Burner Replacement project.

Transmission was favorable \$3,093 primarily due to deferral of the White Oak Substation project.

Other was favorable \$11,418 mainly due to the delay of the MATS project, as well as cancellation of the CSAPR project. Additionally, the PCI Analyzer Software project was cancelled.

* Gross of the City's share of Station Two. Includes capitalized interest.


Cash & Temporary Investments

				2011	
	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
October 31st	117,335	52,348	64,987	58,888	58,447

The October 31, 2012 cash balance compared to budget is favorable due to the borrowing that occurred in July.

The variance to prior-year is driven by the borrowing this year, partially offset by the year-over-year increase in fuel inventory.

Lines of Credit	
<u>As of October 31st</u>	
	\$100,000
Original Amount	
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625

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Monthly Financial Report – September 2012



Your Touchstone Energy Cooperative

Financial Report September 2012 (\$ in Thousands)

Board Meeting Date: November 16, 2012

Summary of Statement of Operations YTD - September





Your Easterone Energy Cooperative ST

Statement of Operations – September Variance to Budget

Year-to-Date

Current Month Variance Variance Fav/(UnFav) Explanation Budget Actual Fav/(UnFav) Actual Budget (35,746) [A] Pages 7, 9-13, 16-21 454,929 419,183 47,510 (1,246) 46,264 849 [B], [C] Page 22 ELECTRIC ENERGY REVENUES 3,010 3,859 17_ 334 351 OTHER OPERATING REVENUE AND INCOME (34,897) 457,939 423.042 (1,229) 47.844 TOTAL OPER REVENUES & PATRONAGE CAPITAL 46,615 5,119 [A] Pages 8, 14-15, 23 41,511 36,392 4,541 503 4,038 15,273 [A] Pages 8, 14-15 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 181,106 165,833 1,193 19,363 5,985 [A] Pages 8, 14-15, 23 18,170 OPERATION EXPENSE-PRODUCTION-FUEL 90,266 84,281 (483) OPERATION EXPENSE-OTHER POWER SUPPLY 8,973 8,490 730 [C] Page 24 7,363 8,093 849 223 626 OPERATION EXPENSE-TRANSMISSION 210 1,873 1.663 19 189 170 **OPERATION EXPENSE-RTO/ISO** 551 160 (5) 391 56 61 769 [B] Page 25 CONSUMER SERVICE & INFORMATIONAL EXPENSE 871 102 175 170 5 OPERATION EXPENSE-SALES (507) [C] Page 26 19,871 20,378 **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** 2,107 1,908 (199) 344,142 27,739 316,403 1,421 34,150 35,571 TOTAL OPERATION EXPENSE 14,225 [B], [C] Page 27 45,097 30.872 556 3.556 (741) [B] Page 28 3,000 MAINTENANCE EXPENSE-PRODUCTION 2,995 3,736 298 (40) 338 MAINTENANCE EXPENSE-TRANSMISSION 78 (50) 128 17 8 (9) MAINTENANCE EXPENSE-GENERAL PLANT 48,170 13,434 34,736 507 3,862 3,355 TOTAL MAINTENANCE EXPENSE 447 31,299 30,852 3,521 (43) 3,564 DEPRECIATION & AMORTIZATION EXPENSE (3) 0 0 0 33,473 (246) TAXES (29) 33,719 3,675 3,704 INTEREST ON LONG-TERM DEBT 174 (578) (404) 20 (50) INTEREST CHARGED TO CONSTRUCTION-CREDIT (70) (55) 0 55 0 0 0 OTHER INTEREST EXPENSE 101 288 187 18 42 24 OTHER DEDUCTIONS 41,591 456,969 415.378 1,894 46,621 44,727 TOTAL COST OF ELECTRIC SERVICE 6,694 7,664 970 665 1,223 1,888 OPERATING MARGINS 354 [B] Page 30 403 49 342 347 5 INTEREST INCOME 0 0 0 0 0 0 ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 OTHER NON-OPERATING INCOME - NET 0 26 59 33 0 0 OTHER CAPITAL CREDITS & PAT DIVIDENDS 0 0 0 0 ٥ n EXTRAORDINARY ITEMS 7,074 8,126 1,052 1,228 1,007 2,235 NET PATRONAGE CAPITAL OR MARGINS

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Your Teachstone fairing Cooperative MAT

Statement of Operations – September

Variance to Prior-Year

Year-to-Date

Current Month

			Variance	Variance		Variance		
	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav) Explanation		
ELECTRIC ENERGY REVENUES	46,264	49.057	(2,793)	419.183	422.321	(3,138) [A] Pages 7, 9-13, 16-2	1	
OTHER OPERATING REVENUE AND INCOME	351	275	76	3.859	2,168	1,691 [B] Page 22		
TOTAL OPER REVENUES & PATRONAGE CAPITAL	46,615	49,332	(2,717)	423,042	424,489	(1,447)		
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,038	4,285	247	36,392	37,001	609 [A] Pages 8, 14-15, 23		
OPERATION EXPENSE-PRODUCTION-FUEL	18,170	18,126	(44)	165,833	173,107	7,274 (A) Pages 8, 14-15		
OPERATION EXPENSE-OTHER POWER SUPPLY	8,973	9,189	216	84,281	83,179	(1,102) [A] Pages 8, 14-15, 23		
OPERATION EXPENSE-TRANSMISSION	626	746	120	7,363	6,920	(443) [B], [C] Page 24		
OPERATION EXPENSE-RTO/ISO	170	192	22	1,663	1,832	169		
CONSUMER SERVICE & INFORMATIONAL EXPENSE	61	39	(22)	391	345	(46)		
OPERATION EXPENSE-SALES	5	37	32	102	129	27		
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,107	2,438	331	20,378	19,980	(398) [C] Page 26		
TOTAL OPERATION EXPENSE	34,150	35,052	902	316,403	322,493	6,090		
MAINTENANCE EXPENSE-PRODUCTION	3,000	3.827	827	30,872	29,182	(1,690) [C] Page 27		
MAINTENANCE EXPENSE-TRANSMISSION	338	494	156	3,736	3,348	(388) [B] Page 28		
MAINTENANCE EXPENSE-GENERAL PLANT	17	8	(9)	128	93	(35)		
TOTAL MAINTENANCE EXPENSE	3,355	4,329	974	34,736	32,623	(2,113)		
DEPRECIATION & AMORTIZATION EXPENSE	3,564	3,304	(260)	30,852	26,374	(4,478) [B], [C] Page 29		
TAXES	0,504	0,004	(200)	4	128	124		
INTEREST ON LONG-TERM DEBT	3,704	3,744	40	33,719	34,450	731		
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(70)	(30)	40	(578)	(450)	128		
OTHER INTEREST EXPENSE	(70)	(30)	0	55	60	5		
	24	14	(10)	187	158	(29)		
OTHER DEDUCTIONS	24	14	(10)	107	100	(23)		
TOTAL COST OF ELECTRIC SERVICE	44,727	46,413	1,686	415,378	415,836	458		
OPERATING MARGINS	1,888	2,919	(1,031)	7,664	8,653	(989)		
INTEREST INCOME	347	8	339	403	132	271 [B] Page 30		
ALLOWANCE FOR FUNDS USED DURING CONST	0	õ	0	0	0	0		
OTHER NON-OPERATING INCOME - NET	0 0	ů	ő	Ő	8	(6)		
OTHER CAPITAL CREDITS & PAT DIVIDENDS	ő	8	(8)	59	105	(46)		
EXTRAORDINARY ITEMS	0	ő	(0)	0	0	0		
	<u> </u>	<u> </u>		<u> </u>	<u>v</u> _			
NET PATRONAGE CAPITAL OR MARGINS	2,235	2,935	(700)	8,126	8,898	(772)		

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary



Financial Commentary

Year-to-Date

- September YTD 2012 Margins were \$7,074 favorable to budget.
 - * Revenues were unfavorable \$34,897 primarily due to lower rural volume and lower rates (see page 7).
 - Operation Expense was favorable \$27,739 driven by lower variable costs \$23,136 primarily due to lower variable costs per MWh (see page 8). The remainder of the
 variance is made up of favorable plant and fixed departmental expenses (see pages 23-26).
 - Maintenance Expense was favorable \$13,434 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and cancellation of the Coleman 1 & 3 planned outages to offset the lower power market (see pages 27-28).



Variance Analysis Summary



Financial Commentary

Year-to-Date

- September YTD 2012 margins were \$772 unfavorable to 2011.
 - Revenues were unfavorable \$1,447 primarily due to the lower off-system pricing and volumes. This unfavorable variances were offset by the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011) and higher transmission revenue (see pages 7 & 22).
 - Operation Expense was favorable \$6,090 -- driven by lower variable costs \$10,442, due to volume, partially offset by higher expenses assoicated with Station-Two
 and higher Fixed Departmental Expenses (see pages 8, 23, 24 & 26).
 - · Maintenance Expense was unfavorable \$2,113 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see pages 27-28).
 - * Depreciation, Interest Expense, Taxes & Other combined was higher \$3,519 (see page 29-30).



Your Teachstone Energy Cooperative 751

Revenue <u>YTD September</u>

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	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual 2011	2011 <u>Variance</u>
MWh Sales			Allow Adds 11 a deserve for a prover.		
Rural	1,774,531	1,806,793	(32,262)	1,830,408	(55,877)
Large Industrial	725,754	723,714	2,040	735.533	(9,779)
Smelter	5,552,923	5,477,808	75,115	5,041,000	
Off-System/Other				5,041,000	511,923
Total		<u></u>			
Revenue - \$/MWh					
Rural	50.88	53.54	(2.66)	46.96	3.92
Large Industrial	43.02	45.98	(2.96)	41.62	1.40
Smelter	48.61	51.70	(3.09)	44.08	4.53
Off-System/Other	1. State State and		(0.00)	++.00	4.55
Total					
Revenue - Thousands of \$					
Rural	90,283	96,741	(6,458)	85,955	4 2 2 2
Large Industrial	31,220	33,276	(2,056)		4,328
Smelter	269,914	283,206		30,616	604
Off-System/Other		200,200	(13,292)	222,194	47,720
Total					

Revenue Price / Volume Analysis

September 2012

	Price / Volume					
	Price	Volume	Total			
Rural	(4,731)	(1,726)	(6,458)			
Large Industrial	(2,150)	94	(2,056)			
Smelter	(17,175)	3,883	(13,292)			
Off-System/Other						

*



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Variable Operations Cost <u>YTD September</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual 2011	2011 <u>Variance</u>
Variable Operations (VO) Cost - \$/M	Wh		 So and appropriate When Software and the second seco		
Rural	a see taasan ta				
Large Industrial					
Smelter					
Off-System/Other					
Total		an an an Arres	er produktion († 1997) 1975 - Nachter Marian, fan 1977 - Paris 1977 - Nachter Marian, fan 1977 - Paris	a and an arriver of the	
VO Cost - Thousands of \$		<u></u> a			
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					a la constante de la constante

YTD September 2012 Variable Operations Expense





Net Sales Margin <u>YTD September</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual 2011	2011 Variance
Net Sales Margin - \$/MWh	an an an Anna a	at, toj 13 0 21 _ 1622	andes de selas endes pour étie representation de	source in the file offi-	taga na naka ang nganangan naka naka naka
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
<u>Net Sales Margin - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other					
-					
Total	Net Sale	es Margin	1943 - 1948 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 - 1949 -	Artalis in down and a sec	

Net Sales Margin Price / Volume Analysis September 2012

Price / Volume

Rural Large Industrial Smelter Off-System/Other

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Middle and Shark and and	States - States	



Member Rate Stability Mechanism <u>YTD September</u>

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Your Teachstone Energy Cooperative 🚿

	Actual	Budget	2012	Actual	2011		Actual	Budget	2012	Actual	2011
	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>		<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>
MRSM - \$/MWh						<u>Net Revenue - \$/MWh</u>					
Rural	(6.25)	(9.07)	2.82	(6.39)	0.14	Rural	44.63	44.47	0.16	40.57	4.06
Large Industrial	(6.25)	(9.07)	2.82	(6.39)	0.14	Large Industrial	36.77	36.91	(0.14)	35.23	1.54
Total	(6.25)	(9.07)	2.82	(6.39)	0.14	Total	42.35	42.31	0.04	39.04	3.31
MRSM - Thousands of \$						Net Revenue - Thousand	<u>s of \$</u>				
Rural	(11,053)	(16,436)	5,383	(11,698)	645	Rural	79,230	80,305	(1,075)	74,257	4,973
Large Industrial	(4,582)	(6,525)	1,943	(4,705)	123	Large Industrial	26,638	26,751	(113)	25,911	727
Total	(15,635)	(22,961)	7,326	(16,403)	768	Total	105,868	107,056	(1,188)	100,168	5,700

Economic Reserve Balance										
Cumulative-to-Date		<u>Actual</u>	I	<u> Budget</u>	<u>Va</u>	ariance				
Original Deposit	\$	157,000								
Interest Earnings		3,111								
Withdrawals		(75,194)								
Ending Balance 9/30/2012	\$	84,917	\$	78,056	\$	6,861				
YTD September 2012		<u> </u>								
Beg. Balance 1/1/2012	\$	100,601								
Interest Earnings		347								
Withdrawals		(16,031)								
Ending Balance 9/30/2012	\$	84,917	\$	78,056	\$	6,861				

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Your Teacherone Energy Cooperative XI

MWH Sales YTD - September



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Your teachstone tracky Cooperative St

Revenue - \$/MWh Sold YTD - September

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∐ Prior Year



Revenue YTD - September

500,000 Thousands 450,000 400,000 350,000 300,000 283.206 269,914 250,000 222,194 200,000 150,000 96,741 100,000 0.202 85,955 50,000 33,276 31,220 30,616 0 Rural Large industrial Smelter Off-System Total Favorable 🕅 Budget Unfavorable □ Prior Year





Variable Operations Cost YTD - September





Your Londonian france Cooperative set

Net Sales Margin - \$/MWh YTD - September





Your Londistone Literate Competative MT

Net Sales Margin YTD – September





Your louch-tom Energy Cooperative St.

MRSM - \$/MWh YTD - September





Your locations transportance with

MRSM YTD - September





Your Ionchronic Grane Cooperative 25

Net Revenue (Excl. MRSM) - \$/MWh YTD - September





Your Teacherong Finities Competitions 75T

Net Revenue (Excl. MRSM) YTD - September





Your leach-tone Energy Cooperative 25

Other Operating Revenue and Income

		2012	······	2011	
			Variance	2011	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD	3,859	3,010	849	2,168	1,691

The favorable current and prior-year variance is due to higher transmission revenue this year.



Non-Variable Production and

Other Power Supply – Operations

		2012	,		2011
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD			3,241		(3,661)
<u>Current Year Vari</u>	ances_			F	
Power Supply tran	smission rese	ervation		_	517
Plant Operations r	eductions				2,039
Fixed Departmenta	al Expenses/O	ther			685
Non-Variab	le Production	and Other Pow	er Supply - Operatior	IS	3,241
<u>Prior-Year Varian</u>	ces			F	Fav/(UnFav)
Power Supply tran	smission rese	ervation		_	(82)
Station-Two O&M	[driven by higl	ner outage & la	bor expense in 2012]		(2,738)
Station-Two [highe	er depreciation	n expense]	ŵ		(929)
Other					88
23 Non-Variabl	e Production	and Other Pow	er Supply - Operation	IS	(3,661)



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Operation Expense – Transmission

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
September YTD	7,363	8,093	730	6,920	(443)	

Favorable to budget as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 28).

Unfavorable to prior year due to higher MISO and TVA transmission expenses.



Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
September YTD	102	871	769

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



Your leadstone having Cooperative AT -

Operation Expense – Administrative & General

		2012	B		2011
			Variance	2011	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD	20,378	19,871	(507)	19,980	(398)

Unfavorable to budget and prior-year due to costs related to the environmental compliance plan. These costs will be re-classed to a regulatory asset account and amortized over three years as stated in the PSC order dated October 1.



Your Teacher-me Energy' Compensive 🎢 🐇

<u>Maintenance Expense – Production</u>

		2012	a.		2011
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
TD			14,225		(1,690)

September YTE

The favorable YTD variance vs. budget is due to scope reduction of planned outages including \$4.3m from the Wilson planned outage. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the cancellation of the unit 1 and unit 3 outages. The planned outage on the gas turbine was also cancelled.

The unfavorable variance to prior-year is driven by the Wilson spring planned outage this year.



You Touchstone Brener Competitive 151 -

<u> Maintenance Expense – Transmission</u>

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
September YTD	3,736	2,995	(741)	3,348	(388)	

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 24).

Unfavorable to prior-year due to higher brush control expenses this year.



Your Inchase Energy Coopstance 151 -

Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD	30,852	26,374	(4,478)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



Interest Income

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
September YTD	403	49	354	132	271	

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Favorable to budget and prior-year due to the interest income on the capital term certificates that were part of the financing that took place earlier this year.



North Star – YTD September

		2012		201	11
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service	alan an a		41,591		458
Other Operating Revenues & Income	(3,859)	(3,010)	849	(2,168)	1,691
Smelter Avoidable Base Charge	(358)	~ 0	358	(2,136)	(1,778)
Off-System Sales/Other				and the second	
Interest Income	(403)	(49)	354	(132)	271
Other Non-Operating Income	0	0	0	(9)	(9)
Other Capital Credits & Pat. Dividends	(59)	(33)	26	(105)	(46)
			29,238	an a	(55,202)
Member MWh	8,053,207	8,008,315	44,892	7,606,943	446,264
		sa da bayan na salah saya sa da da ah sa			1999 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -
North Star - \$/kWh			an an an an ann an an an an an an an an		



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	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	33,719	33,473	(246)
Net Margins			
TIER - YTD September			
TIER (12 months ending 9/30)		an an an an an an Araba an Araba an an Araba an an Araba an Araba an Araba an Araba an Araba an Araba an Araba Araba an Araba an Arab	

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

e a



Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	1,119	1,906	787
Generation	21,241	42,586	21,345
Transmission	6,121	9,090	2,969
Other _	941	9,817	8,876
Total	29,422	63,399	33,977

Explanation:

IT was favorable \$787 due to the timing of the Oracle Extensions project, as well as the OSI EMS Hardware/Software projects.

Generation was favorable by \$21,345. Green Station was favorable by \$8,420 due to the G2 outage deferral, as well as the reduction of the FGD project and cancellation of the Coal Sampler project. Wilson Station was favorable \$8,521 primarily due to outage scope reductions/deferrals. Coleman Station was favorable \$3,437 due to the C1 and C3 outage deferrals/cancellations. Station-Two was favorable \$967 largely due to favorability of the H1 Burner Replacement project.

Transmission was favorable \$2,969 primarily due to deferral of the White Oak Substation project, as well as timing related to the Two-way Radio and Wilson EHV Substation projects.

Other was favorable \$8,876 mainly due to the delay of the MATS project, as well as cancellation of the CSAPR project. Additionally, the PCI Analyzer Software project was cancelled.

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* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

				2011	
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September 30th	113,249	54,140	59,109	77,689	35,560

The September 30, 2012 cash balance compared to budget is favorable due to the borrowing that occurred in July.

The variance to prior-year is driven by the borrowing this year, partially offset by the year-over-year increase in fuel inventory.

Lines of Credit				
As of September 30th				
Original Amount	\$100,000			
Letters of Credit Outstanding	(5,375)			
Advances Outstanding	0			
Available Lines of Credit	\$ 94,625			
Monthly Financial Report – August 2012

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Your Touchstone Energy' Cooperative K

Financial Report August 2012 (\$ in Thousands)

Board Meeting Date: October 19, 2012

Big Rivers

Summary of Statement of Operations YTD - August

		2012		2	011
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Revenues	376,427	410,094	(33,667)	375,157	1,270
Cost of Electric Service	370,652	410,348	39,696	369,424	(1,228)
Operating Margins	5,775	(254)	6,029	5,733	42
Interest Income/Other	115	78	37	230	(115)
Net Margins - YTD	5,890	(176)	6,066	5,963	(73)
September - YTD	8,126	1,052	7,074	8,898	(772)



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FI FCTRIC ENERGY REVENUES

OPERATION EXPENSE-RTO/ISO

OPERATION EXPENSE-SALES

TOTAL OPERATION EXPENSE

Statement of Operations – August

Variance to Budget

Current Month Year-to-Date Variance Variance Budget Fav/(UnFav) Budget Fav/(UnFav) Explanation Actual Actual (4,263) 372 919 407 418 (34,499) [A] Pages 7, 9-13, 16-21 48.521 52.784 832 [B], [C] Page 22 OTHER OPERATING REVENUE AND INCOME 532 334 198 3,508 2,676 TOTAL OPER REVENUES & PATRONAGE CAPITAL (4,065) 376.427 410.094 (33.667) 49,053 53,118 OPERATION EXPENSE-PRODUCTION-EXCLEDED 4.332 4.890 558 32.354 36,970 4.616 [A] Pages 8, 14-15, 23 14,080 [A] Pages 8, 14-15 4 508 147 663 161.743 **OPERATION EXPENSE-PRODUCTION-FUEL** 19,183 23 691 OPERATION EXPENSE-OTHER POWER SUPPLY 8,465 6,881 (1,584) 75,307 81,776 6,469 [A] Pages 8, 14-15, 23 805 953 148 6,738 7.244 506 [C] Page 24 OPERATION EXPENSE-TRANSMISSION 1,684 226 97 1,493 191 129 CONSUMER SERVICE & INFORMATIONAL EXPENSE 41 60 19 330 495 165 600 [B] Page 25 71 73 97 697 2 **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** 2,474 2,133 (341) 18.271 17,963 (308) 282,253 308,572 26,319 35,500 38,907 3,407 27.872 13,669 [B], [C] Page 27 MAINTENANCE EXPENSE-PRODUCTION 4.097 3,469 (628) 41.541 ge 28

MAINTENANCE EXPENSE-TRANSMISSION	614	388	(226)	3,398	2,697	(701) [B] Page
MAINTENANCE EXPENSE-GENERAL PLANT	16	9	(7)	111	70	(41)
TOTAL MAINTENANCE EXPENSE	4,727	3,866	(861)	31,381	44,308	12,927
DEPRECIATION & AMORTIZATION EXPENSE	3,521	3,516	(5)	27,288	27,777	489
TAXES	0	0	0	4	1	(3)
INTEREST ON LONG-TERM DEBT	3,851	3,777	(74)	30,015	29,797	(218)
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(65)	(32)	33	(508)	(354)	154
OTHER INTEREST EXPENSE	44	0	(44)	55	0	(55)
OTHER DEDUCTIONS	25	42	17	164	247	83
TOTAL COST OF ELECTRIC SERVICE	47,603	50,076	2,473	370,652	410,348	39,696
OPERATING MARGINS	1,450	3,042	(1,592)	5,775	(254)	6,029
INTEREST INCOME	18	5	13	56	45	11
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0
OTHER NON-OPERATING INCOME - NET	0	0	0	0	0	0
OTHER CAPITAL CREDITS & PAT DIVIDENDS	14	8	6	59	33	26
EXTRAORDINARY ITEMS	0	0	0	0	0	0
			11 5701	5 000	(170)	
NET PATRONAGE CAPITAL OR MARGINS	1,482	3,055	(1,573)	5,890	(176)	6,066

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Your tomberon from Congarative Salt

Statement of Operations – August

Year-to-Date

Variance to Prior-Year

Current Month

Actual Prior Year Fav(UnFav) Actual Prior Year Fav(UnFav) Explana ELECTRIC ENERGY REVENUES 46,521 48,972 (451) 372,919 373,264 (345) [A] Page 7, 9-13 TOTAL OPER REVENUE AND INCOME 532 185 347 3,609 1,893 1,615 [B] Page 22 TOTAL OPER REVENUES & PATRONAGE CAPITAL 49,053 49,157 (104) 376,427 375,157 1,270 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 4,332 4,271 (61) 32,354 32,716 382 [A] Pages 8, 14-1 OPERATION EXPENSE-PRODUCTION-FUEL 19,183 20,078 895 147,663 154,481 7,131 [A] Pages 8, 14-1 OPERATION EXPENSE-TRANSISION 805 1,065 201 6,738 6,714 (54) [B], (C] Page 24 OPERATION EXPENSE-TRANSISION 1329 132 11,231 11,221 11,242 (229) [C] Page 25 TOTAL OPERATION EXPENSE-ARODUCTION 4,097 3,082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-ARODUCTION 4,				Variance			Variance	
OTHER OPERATING REVENUE AND INCOME 532 185 347 3,508 1,893 1,615 [8] Page 22 TOTAL OPER REVENUES & PATRONAGE CAPITAL 49,053 49,157 (104) 376,427 375,157 1,270 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 4,332 4,271 (61) 32,354 32,716 362 [A] Pages 8, 14-1 OPERATION EXPENSE-TRODUCTION-FUEL 19,183 20,078 895 147,663 154,981 7,316 [A] Pages 8, 14-1 OPERATION EXPENSE-TRANSISION 805 1,006 201 6,738 6,174 (G40) 19,102 Pages 8, 14-1 OPERATION EXPENSE-TRANSISION 805 1,006 201 6,738 6,174 (G40) 147 (G50) 19,102 Pages 8, 14-1 OPERATION EXPENSE-TRANSISION 129 192 63 1,493 1,640 147 CONSUMER SERVICE & INFORMATIONAL EXPENSE 71 86 15 97 92 (G) 0 0 0 144 282,253 287,411 5,188 MAINTENANCE EXPENSE-TRANEMISION 6		Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav)	Explanation
OTHER OPERATING REVENUE AND INCOME 532 185 347 3,508 1,893 1,615 [8] Page 22 TOTAL OPER REVENUES & PATRONAGE CAPITAL 49,053 49,157 (104) 376,427 375,157 1,270 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 4,332 4,271 (61) 32,354 32,716 362 [A] Pages 8, 14-1 OPERATION EXPENSE-TRANSIMISSION 905 1,006 201 6,738 6,174 (1317) [A] Pages 8, 14-1 OPERATION EXPENSE-TRANSIMISSION 805 1,006 201 6,738 6,174 (540) [B], [C] Page 24 OPERATION EXPENSE-TRANSIMISSION 129 192 63 1,493 1,640 147 OPERATION EXPENSE-TRANSIMISSION 129 192 63 1,493 1,640 147 OPERATION EXPENSE-AMINISTATUTE & GENERAL 2,474 1,351 (1,123) 18,271 17,542 (229) (29) 160 OPERATION EXPENSE-RADINISTATUTE & GENERAL 2,474 1,351 18,271 17,542 (23,255 (2,517) [C] Page 27 TATAL OPERA	ELECTRIC ENERGY REVENUES	48.521	48.972	(451)	372.919	373,264	(345) [A] P	ages 7, 9-13, 16-2
OPERATION EXPENSE-PRODUCTION-EXCL FUEL 4,332 4,271 (61) 32,354 32,716 362 (A) Pages 8, 14-1 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 19,183 20,078 955 147,663 154,981 7,318 (A) Pages 8, 14-1 OPERATION EXPENSE-OTHER POWER SUPPLY 8,465 9,694 1,429 75,307 73,990 (1,317) (A) Pages 8, 14-1 OPERATION EXPENSE-TRANSMISSION 805 1,006 201 6,738 6,174 (664) (B) (C) Page 24 OPERATION EXPENSE-TRANSMISSION 805 1,006 21 6,738 6,174 (640) (B) (C) Page 24 OPERATION EXPENSE-ALS 11 70 29 330 306 (24) OPERATION EXPENSE-ALS 14 70 29 330 306 (24) OPERATION EXPENSE-ALS 14 70 29 330 306 (24) OPERATION EXPENSE-ALS 1 1,351 (1,123) 18,271 17,542 (1,29) (1) MAINTENANCE EXPENSE-PRODUCTION 4,097 3,082					3,508	1,893		
OPERATION EXPENSE-PRODUCTION-FUEL 19:183 20:078 895 147,663 154,881 7.318 [A] Pages 8, 14-1 OPERATION EXPENSE-TAXISMISSION 805 1,429 75,307 73,990 (1,317) [A] Pages 8, 14-1 OPERATION EXPENSE-TAXISMISSION 805 1,006 201 6,788 6,174 (564) [B]. (C] Page 24 CONSUMER SERVICE & INFORMATIONAL EXPENSE 11 70 29 330 306 (24) OPERATION EXPENSE-ALS 71 86 15 97 92 (5) OPERATION EXPENSE-SALES 71 86 15 97 92 (5) OPERATION EXPENSE-SALES 71 86 15 97 92 (5) OPERATION EXPENSE-SALES 31,907 3,988 1,448 282,253 287,441 5,188 MAINTENANCE EXPENSE-TRANSMISSION 414 372 (242) 3,393 2,254 (54) MAINTENANCE EXPENSE-TRANSMISSION 614 372 (242) 3,393 2,854 (54)	TOTAL OPER REVENUES & PATRONAGE CAPITAL	49,053	49,157	(104)	376,427	375,157	1,270	
OPERATION EXPENSE-PRODUCTION/UEL 19/83 20/078 895 147 663 154,981 7,318 [A] Pages 8, 14.1 OPERATION EXPENSE-TRANSISION 805 1,006 201 6,738 6,174 (564) [B], (D) Page 24 OPERATION EXPENSE-TRANSINSSION 805 1,006 201 6,738 6,174 (564) [B], (D) Page 24 OPERATION EXPENSE-TRANSINSSION 805 1,493 1,640 147 OPERATION EXPENSE-TRANSINSSION 129 192 63 1,493 1,640 147 OPERATION EXPENSE-TRANSINSION 129 192 63 1,493 1,640 147 OPERATION EXPENSE-SALES 71 66 15 97 92 (5) OPERATION EXPENSE 35,500 36,948 1,448 282,253 287,441 5,188 MAINTENANCE EXPENSE-TRANSMISSION 614 372 (242) 3,381 284 (544) [B] Page 26 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (25) TOTAL MAINTEN		1 232	4 271	(61)	32 354	32 716	362 (A) P	ages 8 14-15 23
OPERATION EXPENSE-OTHER POWER SUPPLY 8.465 9.894 1.429 75.307 73.390 (1.317) [A] Pages 8.14.1 OPERATION EXPENSE-TRANSMISSION 805 1.006 201 6.738 6.174 (564) [B], [C] Page 24 OPERATION EXPENSE-TRANSMISSION 129 132 63 1.493 1.1440 147 CONSUMER SERVICE & INFORMATIONAL EXPENSE 41 70 29 330 306 (24) OPERATION EXPENSE-ALLES 71 86 15 97 92 (5) OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2.474 1.351 (1.123) 18.271 17.542 (729) [C] Page 26 TOTAL OPERATION EXPENSE- 35,500 36,948 1.448 282,253 287.441 5.188 MAINTENANCE EXPENSE-PRODUCTION 4.097 3.082 (1,015) 27.872 25.355 (2.517) [C] Page 27 MAINTENANCE EXPENSE-REQUERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE 3.212 2.478 (643)								
OPERATION EXPENSE-TRANSMISSION B05 1.006 201 6.738 6.174 (564) [B], [C] Page 24 OPERATION EXPENSE-RTO/ISO 129 192 63 1.493 1.640 147 OPERATION EXPENSE-RTO/ISO 147 70 29 330 306 (24) OPERATION EXPENSE-SALES 71 86 15 97 92 (5) OPERATION EXPENSE-SALES 71 86 15 97 92 (5) TOTAL OPERATION EXPENSE 35,500 36,948 1,446 282,253 287,441 5,188 MAINTENANCE EXPENSE-PRODUCTION 4,097 3.082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-PRODUCTION 4,097 3.082 (1,015) 27,872 25,355 (2,617) [C] Page 27 MAINTENANCE EXPENSE A097 3.082 (1,015) 27,872 25,355 (2,617) [C] Page 28 MAINTENANCE EXPENSE A097 3.082 (1,015) 27,878 2,854 (544) [B] Page 28								
OPERATION SPENSE-RTOISO 129 192 63 1,493 1,640 147 CONSUMER SERVICE & INFORMATIONAL EXPENSE 41 70 29 330 306 (24) PPERATION EXPENSE-ALDS 71 86 15 97 92 (3) OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2,474 1,351 (1,123) 18,271 17,542 (729) [0] Page 25 TOTAL OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2,474 1,351 (1,123) 18,271 17,542 (729) [0] Page 25 TOTAL OPERATION EXPENSE-FRODUCTION 4,097 3,082 (1,015) 27,872 25,355 (2,517) [0] Page 27 MAINTENANCE EXPENSE-TRANSMISSION 614 372 (242) 3,398 2,854 (544) [9] Page 28 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (25) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,067) DEPRECIATION & AMORTIZATION EXPENSE 3,								
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OPERATION EXPENSE-SALES 71 86 15 97 92 (5) OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2.474 1.351 (1,123) 18,271 17.542 (729) [C] Page 25 TOTAL OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2.474 1.351 (1,123) 18,271 17.542 (729) [C] Page 25 TOTAL OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2.474 1.351 (1,123) 18,271 17.542 (729) [C] Page 26 MAINTENANCE EXPENSE-RADMINISTRATIVE & GENERAL 4.097 3.082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-RADEMISSION 614 372 (242) 3.398 2,454 (544) [B] Page 28 MAINTENANCE EXPENSE 4.727 3.463 (1,264) 31.381 28.294 (3.087) DEPRECIATION & AMORTIZATION EXPENSE 3.521 2.878 (643) 27.288 23.070 (4.218) [B], [C] Page 29 TAXES 0 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3.551 3.655 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>								
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL 2,474 1,351 (1,123) 18,271 17.542 (729) [C] Page 26 TOTAL OPERATION EXPENSE 35,500 36,948 1,449 282,253 287,441 5,188 MAINTENANCE EXPENSE-RODUCTION 4,097 3,082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-RANSMISSION 614 372 (242) 3,398 2,854 (544) [B] Page 28 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,087) DEPRECIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 TAXES 0 0 0 4 123 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419)							•	
Dependentiation expense 35,500 36,948 1,448 282,253 267,441 5,188 MAINTENANCE EXPENSE-PRODUCTION 4,097 3,082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-PRODUCTION 614 372 (242) 3,398 2,854 (544) [B] Page 28 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (25) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,067) DEPRECIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 TAXES 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 OTHER NETREST EXPENSE 44 0 (44) 55 59 4 OTHER DEDUCTIONS <								200 26
MAINTENANCE EXPENSE-PRODUCTION 4,097 3,082 (1,015) 27,872 25,355 (2,517) [C] Page 27 MAINTENANCE EXPENSE-FRANSMISSION 614 372 (242) 3,388 2,854 (544) [B] Page 28 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,087) DEPRECIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 AXES 0 0 4 128 124 NTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 NTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 DTHER INTERST EXPENSE 44 0 (44) 55 59 4 DTHER INTERST EXPENSE 24,703 47,135 (468) 370,652 369,424 (1,226) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42	OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,474	1,351	(1,123)	18,271	17,542	(12a) [C] F	age zo
MAINTENANCE EXPENSE-TRANSMISSION 614 372 (242) 3,398 2,854 (544) [B] Page 28 MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,087) DEPRECIATION & AMORTIZATION EXPENSE 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59	OTAL OPERATION EXPENSE	35,500	36,948	1,448	282,253	287,441	5,188	
MAINTENANCE EXPENSE-GENERAL PLANT 16 9 (7) 111 85 (26) TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,067) DEPRECIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 TAXES 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 OTHER INTEREST EXPENSE 44 0 (44) 55 59 4 OTHER OPOLICTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1,228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 ODTHER NON-OPERATING INCOME - NET 0 0	MAINTENANCE EXPENSE-PRODUCTION	4,097	3,082	(1,015)	27,872	25,355	(2,517) [C] F	age 27
Intervalue Lot Electricity LT Bitting 10 0 () 100 100 () TOTAL MAINTENANCE EXPENSE 4,727 3,463 (1,264) 31,381 28,294 (3,087) DEPRECIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 TAXES 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER DEDUCTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1,228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 NTEREST INCOME 18 8 10 <	AINTENANCE EXPENSE-TRANSMISSION	614	372	(242)	3,398	2,854	(544) [B] F	age 28
DEPENDIATION & AMORTIZATION EXPENSE 3,521 2,878 (643) 27,288 23,070 (4,218) [B], [C] Page 29 TAXES 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 OTHER INTEREST EXPENSE 44 0 (444) 55 59 4 OTHER DEDUCTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 NTEREST INCOME 18 8 10 56 124 (68) NTEREST INCOME 18 8 10 56 124 (68) OTHER NANOPERATING INCOME - NET 0 0 0 0 0 0 OTHER COMPERATING INCOME - NET 0 0 0 9	AAINTENANCE EXPENSE-GENERAL PLANT	16	9	(7)	111	85	(26)	
AXES 0 0 0 0 4 128 124 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 INTEREST ON LONG-TERM DEBT 3,851 3,855 4 30,015 30,706 691 DTHEREST ON LONG-TERM DEBT (65) (25) 40 (508) ((419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER DEDUCTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 NTEREST INCOME 18 8 10 56 124 (66) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) 0 0 0 9 (9) DTHER CAPITAL CREDITS & PAT DI	OTAL MAINTENANCE EXPENSE	4,727	3,463	(1,264)	31,381	28,294	(3,087)	
NUTEREST ON LONG-TERM DEBT 3.851 3.851 3.855 4 30.015 30.706 691 NTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) ((419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER DEDUCTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 INTEREST INCOME 18 8 10 56 124 (68) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) 01 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) 01 DTHER NON-OPERATING INCOME - NET 0 0	DEPRECIATION & AMORTIZATION EXPENSE	3,521	2,878	(643)	27,288	23,070	(4,218) [B],	C] Page 29
INTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER INTEREST EXPENSE 25 16 (9) 164 145 (19) IOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 NTEREST INCOME 18 8 10 56 124 (68) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) DTHER NON-OPERATING INCOME - NET 0 0 9 (9) DTHER CAPITAL CREDITS & PAT DIVIDENDS 14 0 14 59 97 (38)	AXES	0	0	0	4	128	124	
NTEREST CHARGED TO CONSTRUCTION-CREDIT (65) (25) 40 (508) (419) 89 DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER DEDUCTIONS 25 16 (9) 164 145 (19) rotal cost of Electric SERVICE 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 NTEREST INCOME 18 8 10 56 124 (68) NULOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) DTHER CAPITAL CREDITS & PAT DIVIDENDS 14 0 14 59 97 (38)	NTEREST ON LONG-TERM DEBT	3,851	3,855	4	30,015	30,706	691	
DTHER INTEREST EXPENSE 44 0 (44) 55 59 4 DTHER DEDUCTIONS 25 16 (9) 164 145 (19) rotal cost of Electric Service 47,603 47,135 (468) 370,652 369,424 (1.228) OPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 INTEREST INCOME 18 8 10 56 124 (68) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) (38)		(65)	(25)	40	(508)	(419)	89	
DTHER DEDUCTIONS 25 16 (9) 164 145 (19) TOTAL COST OF ELECTRIC SERVICE 47,603 47,135 (468) 370,652 369,424 (1,228) DPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 INTEREST INCOME 18 8 10 56 124 (68) NUCWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 DTHER NOL-OPERATING INCOME - NET 0 0 0 9 (9) DTHER NOL-OPERATING INCOME - NET 0 0 0 9 (9) DTHER NOL-OPERATING INCOME - NET 0 0 14 59 97 (38)				(44)	55	59	4	
DPERATING MARGINS 1,450 2,022 (572) 5,775 5,733 42 INTEREST INCOME 18 8 10 56 124 (68) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 DTHER NON-OPERATING INCOME - NET 0 0 0 9 (9) DTHER CAPITAL CREDITS & PAT DIVIDENDS 14 0 14 59 97 (38)						145	(19)	
INTEREST INCOME 18 8 10 56 124 (68) ALLOWANCE FOR FUNDS USED DURING CONST 0 14	TOTAL COST OF ELECTRIC SERVICE	47,603	47,135	(468)	370,652	369,424	(1,228)	
ALLOWANCE FOR FUNDS USED DURING CONST 0	OPERATING MARGINS	1,450	2,022	(572)	5,775	5,733	42	
ALLOWANCE FOR FUNDS USED DURING CONST 0	INTERECT INCOME	18	g	10	56	124	(68)	
OTHER NON-OPERATING INCOME - NET 0 0 0 0 9 (9) OTHER CAPITAL CREDITS & PAT DIVIDENDS 14 0 14 59 97 (38)								
OTHER CAPITAL CREDITS & PAT DIVIDENDS 14 0 14 59 97 (38)						-		
		-						
	EXTRAORDINARY ITEMS	0	0	<u> </u>	0	0	<u> </u>	
NET PATRONAGE CAPITAL OR MARGINS 1,482 2,030 (548) 5,890 5,963 (73)	NET PATRONAGE CAPITAL OR MARGINS	1.482	2.030	(548)	5,890	5,963	(73)	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary

Your Jonchstone Friends Cooperative 🔊



Financial Commentary

Year-to-Date

- August YTD 2012 Margins were \$6,066 favorable to budget.
 - · Electric Energy Revenues were unfavorable \$34,499 primarily due to lower rural volume and lower rates (see page 7).
 - Operation Expense was favorable \$26,319 driven by lower variable costs \$22,430 primarily due to lower variable costs per MWh (see page 8). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23-25).
 - Maintenance Expense was favorable \$12,927 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and cancellation of the Coleman 1 & 3 planned outages to offset the lower power market (see pages 27-28).



Variance Analysis Summary

Your Touchstone Energy Cooperative 🔊



Financial Commentary

Year-to-Date

- August YTD 2012 margins were \$73 unfavorable to 2011.
 - Revenues were favorable \$1,270 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue. These favorable variances were offset by lower off-system pricing and volumes (see page 7).
 - Operation Expense was favorable \$5,188 driven by lower variable costs \$10,009, due to volume, partially offset by higher expenses assolcated with Station-Two (see pages 8, 23, 24 & 26).
 - Maintenance Expense was unfavorable \$3,087 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see pages 27-28).
 - Depreciation, Interest Expense, Taxes & Other combined was higher \$3,329 (see page 29-30).

Big Rivers

Your Touchstone Energy Competative MT

Revenue <u>YTD August</u>

	Actual <u>2012</u>	Budget <u>2012</u>	<u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
MWh Sales					
Rural	1,604,138	1,630,275	(26,137)	1,666,505	(62,367)
Large Industrial	647,996	643,975	4,021	650,738	(2,742)
Smelter	4,950,179	4,878,048	72,131	4,472,326	477,853
Off-System/Other	· 「「「「「」」。				والمعدية والمعتكر والمراكع والجار
Total					
Revenue - \$/MWh					
Rural	50.51	53.58	(3.07)	45.66	4.85
Large Industrial	42.93	46.15	(3.22)	41.38	1.55
Smelter	48.56	51.79	(3.23)	43.58	4.98
Off-System/Other				Alexandra da	
Total			ni da Baltan (1986).		as saint lintenergy t
Revenue - Thousands of \$	<u> </u>				
Rural	81,020	87,347	(6,327)	76,097	4,923
Large Industrial	27,821	29,721	(1,900)	26,927	894
Smelter	240,391	252,654	(12,263)	194,914	45,477
Off-System/Other	11月1日日本 11月1日日		1992 - St. 18		
Total					

Revenue Price / Volume Analysis August 2012

	Price / Volume					
	Price	Volume	<u>Total</u>			
Rural	(4,926)	(1,401)	(6,327)			
Large Industrial	(2,086)	186	(1,900)			
Smelter	(15,999)	3,736	(12,263)			
Off-System/Other						



Your Touchstoric Energy 4 cooperative 🚿

Variable Operations Cost <u>YTD August</u>

	Actual	Budget		Actual	2011
	<u>2012</u>	<u>2012</u>	Variance	<u>2011</u>	<u>Variance</u>
Variable Operations (VO) Co	<u>st - \$/MWh</u>		α βαλαστη − α αναχώρια βάτ (μαλ. με τρατιστοποία		
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$					
Rural					영상(2011년) 1911년 1911년 - 1911년 1 1911년 1911년 191
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD August 2012 Variable Operations Expense





Net Sales Margin <u>YTD August</u>

Your Touchstone Energy Cooperative 🎢

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin - \$/MWh	- ARE − CARDAN - SARE - CARDAN - SARE				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands o	of \$				
Rural					이 백 가 네 나 봐
Large Industrial					
Smelter					
Off-System/Other					
Total					and an an and a star of the star

Net Sales Margin Price / Volume Analysis August 2012

Price / Volume

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Rural Large Industrial Smelter Off-System/Other



Member Rate Stability Mechanism <u>YTD August</u>

Your Touchstone Energy "L'isoperative #1

Actual	Budget	2012	Actual	2011		Actual	Budget	2012	Actual	2011
<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>		<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>
					<u>Net Revenue - \$/MWh</u>					
(6.35)	(9.33)	2.98	(6.41)	0.06	Rural	44.16	44.25	(0.09)	39.25	4.91
(6.35)	(9.33)	2.98	(6.41)	0.06	Large Industrial	36.58	36.82	(0.24)	34.97	1.61
(6.35)	(9.33)	2.98	(6.41)	0.06	Total	41.98	42.15	(0.17)	38.05	3.93
					Net Revenue - Thousand	<u>s of \$</u>				
(10,130)	(15,228)	5,098	(10,687)	557	Rural	70,890	72,119	(1,229)	65,410	5,480
(4,161)	(5,980)	1,819	(4,174)	13	Large Industrial	23,660	23,741	(81)	22,753	907
(14,291)	(21,208)	6,917	(14,861)	570	Total	94,550	95,860	(1,310)	88,163	6,387
	2012 (6.35) (6.35) (6.35) (10,130) (4,161)	2012 2012 (6.35) (9.33) (6.35) (9.33) (6.35) (9.33) (6.35) (9.33) (10,130) (15,228) (4,161) (5,980)	2012 2012 Variance (6.35) (9.33) 2.98 (6.35) (9.33) 2.98 (6.35) (9.33) 2.98 (6.35) (9.33) 2.98 (10,130) (15,228) 5,098 (4,161) (5,980) 1,819	2012 2012 Variance 2011 (6.35) (9.33) 2.98 (6.41) (6.35) (9.33) 2.98 (6.41) (6.35) (9.33) 2.98 (6.41) (6.35) (9.33) 2.98 (6.41) (10,130) (15,228) 5.098 (10,687) (4,161) (5,980) 1,819 (4,174)	2012 2012 Variance 2011 Variance (6.35) (9.33) 2.98 (6.41) 0.06 (6.35) (9.33) 2.98 (6.41) 0.06 (6.35) (9.33) 2.98 (6.41) 0.06 (6.35) (9.33) 2.98 (6.41) 0.06 (10,130) (15,228) 5,098 (10,687) 557 (4,161) (5,980) 1,819 (4,174) 13	2012 2012 Variance 2011 Variance (6.35) (9.33) 2.98 (6.41) 0.06 Rural (6.35) (9.33) 2.98 (6.41) 0.06 Large Industrial (6.35) (9.33) 2.98 (6.41) 0.06 Total (6.35) (9.33) 2.98 (6.41) 0.06 Total (10,130) (15,228) 5,098 (10,687) 557 Rural (4,161) (5,980) 1,819 (4,174) 13 Large Industrial	2012 2012 Variance 2011 Variance 2012 Net Revenue - \$/MWh (6.35) (9.33) 2.98 (6.41) 0.06 Rural 44.16 (6.35) (9.33) 2.98 (6.41) 0.06 Large Industrial 36.58 (6.35) (9.33) 2.98 (6.41) 0.06 Total 41.98 Net Revenue - Thousands of \$ (10,130) (15,228) 5,098 (10,687) 557 Rural 70,890 (4,161) (5,980) 1,819 (4,174) 13 Large Industrial 23,660	2012 2012 Variance 2011 Variance 2011 Variance 2012 2012 2012 (6.35) (9.33) 2.98 (6.41) 0.06 Rural 44.16 44.25 (6.35) (9.33) 2.98 (6.41) 0.06 Large Industrial 36.58 36.82 (6.35) (9.33) 2.98 (6.41) 0.06 Total 41.98 42.15 Net Revenue - Thousands of \$ (10,130) (15,228) 5,098 (10,687) 557 Rural 70,890 72,119 (4,161) (5,980) 1,819 (4,174) 13 Large Industrial 23,660 23,741	2012 2012 Variance 2011 Variance 2011 Variance (6.35) (9.33) 2.98 (6.41) 0.06 Rural 44.16 44.25 (0.09) (6.35) (9.33) 2.98 (6.41) 0.06 Large Industrial 36.58 36.82 (0.24) (6.35) (9.33) 2.98 (6.41) 0.06 Total 41.98 42.15 (0.17) (6.35) (9.33) 2.98 (6.41) 0.06 Rural 41.98 42.15 (0.17) (10,130) (15,228) 5,098 (10,687) 557 Rural 70,890 72,119 (1,229) (4,161) (5,980) 1,819 (4,174) 13 Large Industrial 23,660 23,741 (81)	2012 2012 Variance 2011 Variance 2011 Variance 2011 (6.35) (9.33) 2.98 (6.41) 0.06 Rural 44.16 44.25 (0.09) 39.25 (6.35) (9.33) 2.98 (6.41) 0.06 Large Industrial 36.58 36.82 (0.24) 34.97 (6.35) (9.33) 2.98 (6.41) 0.06 Total 41.98 42.15 (0.17) 38.05 (10,130) (15,228) 5,098 (10,687) 557 Rural 70,890 72,119 (1,229) 65,410 (4,161) (5,980) 1,819 (4,174) 13 Large Industrial 23,660 23,741 (81) 22,753

Econom	Economic Reserve Balance							
Cumulative-to-Date		<u>Actual</u>	E	<u>Budget</u>	Va	ariance		
Original Deposit	\$	157,000						
Interest Earnings		3,080						
Withdrawals		(73,403)						
Ending Balance 8/31/2012	\$	86,677	\$	79,763	\$	6,914		
YTD August 2012								
Beg. Balance 1/1/2012	\$	100,601						
Interest Earnings		316						
Withdrawals		(14,240)						
Ending Balance 8/31/2012	\$	86,677	\$	79,763	\$	6,914		

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Big Rivers

MWH Sales YTD - August



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Revenue - \$/MWh Sold YTD - August

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\$55.00 \$53.58 \$51.79 \$51.48 \$50.51 \$50.00 \$48.56 \$48.33 \$46.15 \$45.66 \$45.00 \$43.58 \$42.93 \$41.38 \$40.00 \$35.00 \$30.00 \$25.00 Weighted Average Smelter Off-System Rural Large Industrial Member Average (Non-Smelter) 🔳 Budget E Favorable ⊔ Prior Year Unfavorable

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Revenue YTD - August

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Variable Operations Cost YTD - August



Unfavorable

□ Prior Year



Net Sales Margin - \$/MWh YTD - August





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Net Sales Margin YTD – August





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MRSM - \$/MWh YTD - August



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MRSM YTD - August





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Net Revenue (Excl. MRSM) - \$/MWh YTD - August

\$50.00 \$44.16 \$44.25 \$45.00 \$39.25 \$40.00 \$36.82 \$36.58 \$34.97 \$35.00 \$30.00 \$25.00 \$20.00 \$15.00 \$10.00 \$5.00 \$0.00 Rural Large Industrial Favorable 🔳 Budget Prior Year Unfavorable



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Net Revenue (Excl. MRSM) YTD - August

\$80,000 Thousands 72,119 70,890 \$70,000 65,410 \$60,000 \$50,000 \$40,000 \$30,000 23,660 23,741 22,753 \$20,000 \$10,000 \$0 Rural Large Industrial Favorable 🖾 Budget Unfavorable **Prior Year**



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Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
August YTD	3,508	1,893	1,615

The favorable prior-year variance is due to higher transmission revenue this year.



Non-Variable Production and

Other Power Supply – Operations

		2012		2011	
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
August YTD			2,735		(3,646)
<u>Current</u>	Year Variances	<u>1</u>			Fav/(UnFav)
Power Su	upply transmiss	sion reservatio	n		500
Plant Ope	erations reduct	ions			1,720
Station T	wo O&M reduc	tions			500
Other					15
Να	on-Variable Pro	duction and Ot	her Power Supply - Op	perations	2,735
Prior-Yea	ar Variances				Fav/(UnFav)
Power Su	upply transmis	sion reservatio	n		(32)
Station-T	(2,690)				
Station-T	(864)				
Other					(60)
No	on-Variable Pro	duction and Ot	her Power Supply - Op	perations	(3,646)



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Operation Expense – Transmission

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
AugustYTD	6,738	7,244	506	6,174	(564)	

Favorable to budget as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 28).

Unfavorable to prior year due to higher MISO and TVA transmission expenses.



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Operation Expense – Sales

	2012				
			Variance		
	<u>Actual</u>	Budget	Fav/(Unfav)		
August YTD	97	697	600		

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



Your Joachstone Energy Cooperative 51

Operation Expense – Administrative & General

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
August YTD	18,271	17,542	(729)

Unfavorable to prior-year due to costs related to the environmental compliance plan. These costs will be re-classed to a regulatory asset account and amortized over three years as stated in the PSC order dated October 1.



Your localistone Energy Cooperative XI

Maintenance Expense – Production

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
August YTD			13,669		(2,517)	

The favorable YTD variance vs. budget is primarily due to scope reduction of the Wilson planned outage. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the cancellation of the unit 1 and unit 3 outages. The planned outage on the gas turbine was also cancelled.

The unfavorable variance to prior-year is driven by the Wilson spring outage this year.



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<u> Maintenance Expense – Transmission</u>

	2012			2011		
			Variance	2011	Variance	
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
August YTD	3,398	2,697	(701)	2,854	(544)	

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 24).

Unfavorable to prior-year due to higher brush control expenses this year.



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Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
August YTD	27,288	23,070	(4,218)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



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Interest on Long-Term Debt

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
August YTD	30,015	30,706	691

Favorable to prior-year primarily due to the use of the transition reserve to prepay RUS debt.



North Star – YTD August

		2012		201	11
		<i>ŭ</i>	Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			39,696		(1,228)
Other Operating Revenues & Income	(3,508)	(2,676)	832	(1,893)	1,615
Smelter Avoidable Base Charge	(286)	0	286	(1,595)	(1,309)
Off-System Sales/Other					
Interest Income	(56)	(45)	11	(124)	(68)
Other Non-Operating Income	0	0	0	(9)	(9)
Other Capital Credits & Pat. Dividends	(59)	(33)	26	(97)	(38)
			26,842		(52,676)
Member MWh	7,202,313	7,152,298	50,015	6,789,571	412,742

North Star - \$/kWh





Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Your Jonebstone Internet Competitive 🎢 -

Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	878	1,878	1,000
Generation	19,260	41,445	22,185
Transmission	5,648	. 8,374	2,726
Other	760	7,287	6,527
Total	26,546	58,984	32,438

Explanation:

IT was favorable \$1,000 due to the timing of the Oracle Extensions project, as well as the OSI EMS Hardware/Software projects.

Generation was favorable by \$22,185. Green Station was favorable by \$8,511 due to the G2 outage deferral, as well as the reduction of the FGD project and cancellation of the Coal Sampler project. Wilson Station was favorable \$8,492 primarily due to outage scope reductions/deferrals. Coleman Station was favorable \$3,693 due to the C1 and C3 outage deferrals/cancellations. Station-Two was favorable \$1,489 largely due to favorability of the H1 Burner Replacement project.

Transmission was favorable \$2,726 primarily due to deferral of the White Oak Substation project, as well as timing related to the Two-way Radio and Wilson EHV Substation projects.

Other was favorable \$6,527 mainly due to the delay of the MATS project, as well as cancellation of the CSAPR project. Additionally, the PCI Analyzer Software project was cancelled.

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* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
August 31st	107,528	56,386	51,142	76,642	30,886

The August 31, 2012 cash balance compared to budget is favorable due to the borrowing that occurred in July.

The variance to prior-year is driven by the borrowing this year, partially offset by the year-over-year increase in fuel inventory.

Lines of Credit				
<u>As of August 31st</u>				
Original Amount	\$100,000			
Letters of Credit Outstanding	(5,375)			
Advances Outstanding	0			
Available Lines of Credit	\$ 94,625			

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Monthly Financial Report – July 2012

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Your Touchstone Energy' Cooperative 🔨

Financial Report July 2012 (\$ in Thousands)

Board Meeting Date: September 21, 2012



Your Included Energy Competitive 🔊

2012 2011 Fav/(UnFav) Fav/(UnFav) Actual **Budget** Variance Variance Actua 327,373 (29,603)326,000 1,373 356,976 Revenues 323,047 360,271 322,287 Cost of Electric Service 37,224 (760)4,326 **Operating Margins** (3, 295)7,621 3,713 613 82 63 19 222 Interest Income/Other (140)Net Margins - YTD (3, 232)7,640 3,935 4,408 473 August - YTD 5,890 (176)6,066 5,963 (73)

Summary of Statement of Operations YTD - July



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Statement of Operations – July Variance to Budget

Year-to-Date

			Variance			Variance	
	Actual	Budget	Fav/(UnFav)	Actual	Budget	Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	50,686	52,888	(2,202)	324,398	354,634	(30,236)	[A] Pages 7, 9-13, 16-2
OTHER OPERATING REVENUE AND INCOME	567	334	233	2,975	2,342	633	
OTAL OPER REVENUES & PATRONAGE CAPITAL	51,253	53,222	(1,969)	327,373	356,976	(29,603)	
DPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,185	5.023	838	28.022	32,080	4.058	[A] Pages 8, 14-15, 23
PERATION EXPENSE-PRODUCTION-FUEL	21,591	23,336	1,745	128,481	138,052		[A] Pages 8, 14-15
PERATION EXPENSE-OTHER POWER SUPPLY	8,667	7,310	(1,357)	66,843	74,895	8,052	[A] Pages 8, 14-15, 23
PERATION EXPENSE-TRANSMISSION	954	894	(60)	5,932	6,292	360	
PERATION EXPENSE-RTO/ISO	138	227	89	1,364	1,457	93	
ONSUMER SERVICE & INFORMATIONAL EXPENSE	90	51	(39)	289	436	147	
PERATION EXPENSE-SALES	5	73	68	25	624	599	[B] Page 25
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,004	2,009	5	15,797	15,830	33	
OTAL OPERATION EXPENSE	37,634	38,923	1,289	246,753	269,666	22,913	
AINTENANCE EXPENSE-PRODUCTION	3,350	4,516	1,166	23,776	38,072	14,296	[B], [C] Page 26
AINTENANCE EXPENSE-TRANSMISSION	450	349	(101)	2,784	2,309	(475)	[B] Page 27
AINTENANCE EXPENSE-GENERAL PLANT	11	9	8	94	62	(32)	
OTAL MAINTENANCE EXPENSE	3,801	4,874	1,073	26,654	40,443	13,789	
DEPRECIATION & AMORTIZATION EXPENSE	3,404	3,508	104	23,767	24,261	494	
AXES	0	0	0	4	1	(3)	
ITEREST ON LONG-TERM DEBT	3,680	3,777	97	26,164	26,019	(145)	
ITEREST CHARGED TO CONSTRUCTION-CREDIT	(59)	(68)	(9)	(444)	(322)	122	
OTHER INTEREST EXPENSE	11	0	(11)	11	0	(11)	
DTHER DEDUCTIONS	15	43	28	138	203	65	
TOTAL COST OF ELECTRIC SERVICE	48,486	51,057	2,571	323,047	360,271	37,224	
DPERATING MARGINS	2,767	2,165	602	4,326	(3,295)	7,621	
NTEREST INCOME	6	5	1	37	38	(1)	
LLOWANCE FOR FUNDS USED DURING CONST	ő	0	0	0	0	0	
THER NON-OPERATING INCOME - NET	ō	0	0	ō	0	ō	
THER CAPITAL CREDITS & PAT DIVIDENDS	ō	ō	ō	45	25	20	
XTRAORDINARY ITEMS	0	0	0	0	0	0	
						7,640	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

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Statement of Operations – July

Variance to Prior-Year

Year-to-Date

Current Month

			Variance			Variance
	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav) Explanation
-			<u></u>			
ELECTRIC ENERGY REVENUES	50,686	50,741	(55)	324,398	324,292	106 [A] Pages 7, 9-13, 16-21
OTHER OPERATING REVENUE AND INCOME	567	188	379	2,975	1,708	1,267 Page 22
TOTAL OPER REVENUES & PATRONAGE CAPITAL	51,253	50,929	324	327,373	326,000	1,373
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,185	4.223	38	28.022	28,445	423 [A] Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-FUEL	21,591	20,721	(870)	128,481	134,903	6,422 [A] Pages 8, 14-15
OPERATION EXPENSE-OTHER POWER SUPPLY	8.667	9,077	410	66.843	64,096	(2,747) [A] Pages 8, 14-15, 23
OPERATION EXPENSE-TRANSMISSION	954	521	(433)	5,932	5,168	(764) [B], [C] Page 24
OPERATION EXPENSE-RTO/ISO	138	181	43	1,364	1,448	84
CONSUMER SERVICE & INFORMATIONAL EXPENSE	90	45	(45)	289	235	(54)
OPERATION EXPENSE-SALES	5	(16)	(21)	25	7	(18)
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2.004	2,514	510	15,797	16,191	394
TOTAL OPERATION EXPENSE	37,634	37,266	(368)	246,753	250,493	3,740
MAINTENANCE EXPENSE-PRODUCTION	3,350	3,344	(6)	23,776	22,273	(1,503) [C] Page 26
MAINTENANCE EXPENSE-TRANSMISSION	450	342	(108)	2,784	2,482	(302) [B] Page 27
MAINTENANCE EXPENSE-GENERAL PLANT	1	17	16	94	75	(19)
_						
TOTAL MAINTENANCE EXPENSE	3,801	3,703	(98)	26,654	24,830	(1,824)
DEPRECIATION & AMORTIZATION EXPENSE	3,404	2,878	(526)	23,767	20,192	(3,575) [B], [C] Page 28
TAXES	0	0	0	4	128	124
INTEREST ON LONG-TERM DEBT	3,680	3,855	175	26,164	26,851	687
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(59)	(18)	41	(444)	(394)	50
OTHER INTEREST EXPENSE	11	o	(11)	11	59	48
OTHER DEDUCTIONS	15	12	(3)	138	128	(10)
TOTAL COST OF ELECTRIC SERVICE	48,486	47,696	(790)	323,047	322,287	(760)
OPERATING MARGINS	2,767	3,233	(466)	4,326	3,713	613
	-	7	(4)	27	440	
	6 0		(1)	37	116	(79)
ALLOWANCE FOR FUNDS USED DURING CONST	-	0	0	0	0	0
OTHER NON-OPERATING INCOME - NET	0	0	0	0	9	(9)
OTHER CAPITAL CREDITS & PAT DIVIDENDS	-	0	0	45	97	(52)
EXTRAORDINARY ITEMS	0	0	0	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	2,773	3,240	(467)	4,408	3,935	473

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary

Your Touchstone Energy Cooperative 🐔 -



Financial Commentary

Year-to-Date

- July YTD 2012 Margins were \$7,640 favorable to budget.
 - Electric Energy Revenues were unfavorable \$30,236 primarily due to lower rural volume and lower rates (see page 7).
 - Operation Expense was favorable \$22,913 driven by lower variable costs \$18,906 primarily due to lower variable costs per MWh (see page 8). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23, 25).
 - Maintenance Expense was favorable \$13,789 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and lower expenses at the Coleman facility to offset the lower power market (see pages 26-27).



Your Touchstone Energy Cooperative 🔊

Variance Analysis Summary



Financial Commentary

Year-to-Date

- July YTD 2012 margins were \$473 favorable to 2011.
 - Revenues were favorable \$1,373 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue. These favorable variances were offset by lower off-system pricing and volumes.
 - Operation Expense was favorable \$3,740 driven by lower variable costs \$7,051, due to volume, partially offset by higher expenses associated with Station-Two (see pages 8 & 23).
 - · Maintenance Expense was unfavorable \$1,824 pnmarily due to the Wilson planned outage and higher maintenance activities at the plants (see pages 26-27).
 - * Depreciation, Interest Expense, Taxes & Other combined was higher \$2,676 (see page 28).



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Revenue <u>YTD July</u>

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	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
MWh Sales					
Rural	1,381,170	1,399,216	(18,046)	1,433,707	(52,537)
Large Industrial	566,068	561,903	4,165	564,745	1,323
Smelter	4,328,305	4,258,296	70,009	3,898,513	429,792
Off-System/Other					
Total					Anna ann an Anna Anna Anna Anna Anna An
Revenue - \$/MWh					
Rural	50.27	53.34	(3.07)	45.40	4.87
Large Industrial	42.84	46.09	(3.25)	41.34	1.50
Smelter	48.41	51.84	(3.43)	43.45	4.96
Off-System/Other					
Total	llen en state s State state stat	anna in tais na harraigh an t		<u>ana ina ina al</u>	
Revenue - Thousands of \$	<u></u>				
Rural	69,436	74,638	(5,202)	65,093	4,343
Large Industrial	24,253	25,899	(1,646)	23,346	907
Smelter	209,527	220,741	(11,214)	169,387	40,140
Off-System/Other					

Revenue Price / Volume Analysis

July 2012

	Price / Volume					
	Price	Volume	<u>Total</u>			
Rural	(4,240)	(962)	(5,202)			
Large Industrial	(1,838)	192	(1,646)			
Smelter	(14,843)	3,629	(11,214)			
Off-System/Other						

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Variable Operations Cost <u>YTD July</u>

Your Touchstone Energy Cooperative 🚿

	Actual	Budget		Actual	2011
	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>
Variable Operations (VO) Cos	<u>t - \$/MWh</u>				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				a a an	
VO Cost - Thousands of \$	Received and the contract of the	and the state of the	e An abhrainn an an Airte		
Rural	(新統領)에 관리하는 것 (1997년 1997년 19				
Large Industrial					
Smelter					
Off-System/Other					
Total				and the construction was been a	an a

YTD July 2012 Variable Operations Expense

		vanabio op	erenerie moleen			
	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel Purchased Power Non-FAC PPA (Non-Smelter)						

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Net Sales Margin <u>YTD July</u>

You Touchstone Energy Cooperative 🚿

anve *	Actual	Budget		Actual	2011
	<u>2012</u>	2012	Variance	<u>2011</u>	Variance
Net Sales Margin - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total			an de la companya de National de la companya de la company		
Net Sales Margin - Thousands	of \$	- There is a second of	ne a server a s	en Marin	and the second sec
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

Net Sales Margin Price / Volume Analysis July 2012



Rural Large Industrial Smelter Off-System/Other

	-	
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Member Rate Stability Mechanism <u>YTD July</u>

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Your Trachstoric Energy Cospectative 🦄 תואיים MRSM - \$/MWh	Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>	Net Revenue - \$/MWh	Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
Rural	(6.42)	(9.64)	3.22	(6.73)	0.31	Rural	43.85	43.70	0.15	38.67	5.18
Large Industrial	(6.42)	(9.64)	3.22	(6.73)	0.31	Large Industrial	36.42	36.45	(0.03)	34.61	1.81
Total	(6.42)	(9.64)	3.22	(6.73)	0.31	Total	41.69	41.63	0.06	37.52	4.17
MRSM - Thousands of \$						Net Revenue - Thousand	ls of \$				
Rural	(8,820)	(13,230)	4,410	(9,654)	834	Rural	60,616	61,408	(792)	55,439	5,177
Large Industrial	(3,680)	(5,270)	1,590	(3,804)	124	Large Industrial	20,573	20,629	(56)	19,542	1,031
Total	(12,500)	(18,500)	6,000	(13,458)	958	Total	81,189	82,037	(848)	74,981	6,208

Economic Reserve Balance							
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings	\$	<u>Actual</u> 157,000 3,049	Ē	<u>Budget</u>	<u>Va</u>	ariance	
Withdrawals Ending Balance 7/31/2012	\$	<u>(71,648)</u> 88,401	\$	82,422	\$	5,979	
YTD July 2012							
Beg. Balance 1/1/2012 Interest Earnings	\$	100,601 285					
Withdrawals		(12,485)					
Ending Balance 7/31/2012	\$	88,401	\$	82,422	\$	5,979	

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MWH Sales YTD - July



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Revenue - \$/MWh Sold YTD - July









Variable Operations Cost YTD - July



Unfavorable

Prior Year





Net Sales Margin YTD – July





Your Touchstone Energy Cooperation At

MRSM - \$/MWh YTD - July





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MRSM YTD - July





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Net Revenue (Excl. MRSM) - \$/MWh YTD - July





Net Revenue (Excl. MRSM) YTD - July





Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
July YTD	2,975	1,708	1,267

The favorable prior-year variance is due to higher transmission revenue this year.



Non-Variable Production and

Other Power Supply – Operations

		2012	ũ		2011		
			Variance	2011	Variance		
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>		
July YTD			2,775		(2,953)		
Current Year	<u>Variances</u>	en andere e			Fav/(UnFav)		
Power Supply	transmission	reservation			441		
Plant Operation	ons reductions				1,713		
Station Two O	&M (timing/red	luctions)			561		
Other					60		
Non-Va	riable Product	ion and Other I	Power Supply - Opera	tions	2,775		
<u>Prior-Year Va</u>	<u>riances</u>				Fav/(UnFav)		
Power Supply	transmission	reservation			(34)		
Station-Two O	&M [driven by	higher outage	expense in 2012]		(2,075)		
Station-Two [I	nigher deprecia	ation expense]			(755)		
Other					(89)		
Non-Va	riable Product	ion and Other I	Power Supply - Opera	tions	(2,953)		



Operation Expense – Transmission

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
July YTD	5,932	5,168	(764)

Unfavorable to prior year due to higher MISO and TVA transmission expenses.



Operation Expense – Sales

		2012	
		n an	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
July YTD	25	624	599

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Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



Your Londistone Energy Chaperative 🚮 -

Maintenance Expense – Production

	2012			2011		
		Variance	2011	Variance		
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>		
		14,296		(1,503)		

July YTD

The favorable YTD variance vs. budget is primarily due to scope reduction of the Wilson planned outage. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the cancellation of the unit 1 outage and cost reductions at the plant. The planned outage on the gas turbine was also cancelled in June.

The unfavorable variance to prior-year is driven by the Wilson spring outage this year.



Your Teacherone Energy & conserving 🚈 🦟

Maintenance Expense – Transmission

		2012	ت ت		2011
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
D	2,784	2,309	(475)	2,482	(302)

July YTD

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted.

Unfavorable to prior-year due to higher brush control expenses this year.



Your Teacherone brienes' Cooperative 🚮 🕤

Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
July YTD	23,767	20,192	(3,575)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



North Star – YTD July

		2012		2011		
			Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget	Variance	Actual	Variance	
Total Cost of Electric Service			37,224		(759)	
Other Operating Revenues & Income	(2,975)	(2,342)	633	(1,708)	1,267	
Smelter Avoidable Base Charge	(234)	0	234	(1,351)	(1,117)	
Off-System Sales/Other				la se a construction de la constru La construction de la construction d		
Interest Income	(37)	(39)	(2)	(116)	(79)	
Other Non-Operating Income	0	0	0	(9)	(9)	
Other Capital Credits & Pat. Dividends	(45)	(25)	20	(97)	(52)	
		an a	25,935	Notres de la composición de la composi Recentra de la composición de la composi Recentra de la composición de la composi	(46,033)	
Member MWh	6,275,544	6,219,415	56,129	5,896,968	378,576	

North Star - \$/kWh





	Actual	Budget	<u>Fav/(Unfav)</u>
Interest on Long-Term Debt	26,164	26,019	(145)
Net Margins			
TIER - YTD July			
TIER (12 months ending 7/31)			

<u>Notes:</u>

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TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

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Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	709	1,728	1,019
Generation	18,201	39,997	21,796
Transmission	3,376	7,701	4,325
Other	560	4,743	4,183
Total	22,846	54,169	31,323

Explanation:

IT was favorable \$1,019 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable by \$21,796. Green Station was favorable by \$8,642 due to the G2 outage deferral, as well as the timing of the FGD and Coal Sampler projects. Wilson Station was favorable \$8,588 primarily due to outage scope reductions/deferrals. Coleman Station was favorable \$2,967 due to the C1 and C3 outage deferrals, as well as timing issues on various projects. Station-Two was favorable \$1,599 largely due to the timing of the H1 Burner Replacement project.

Transmission was favorable \$4,325 primarily due to timing related to the Two-way Radio and Wilson EHV Substation projects, as well as favorability attributable to the White Oak Substation project.

Other was favorable \$4,183 mainly due to the delay of the CSAPR project, as well as timing of the Operator Training Simulator project and the timing of vehicle purchases.

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* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
July 31st	105,762	53,490	52,272	71,262	34,500

The July 31, 2012 cash balance compared to budget is favorable due to the borrowing that occurred in July.

The variance to prior-year is driven by the borrowing this year, partially offset by the year-over-year increase in fuel inventory.

Lines of Credit	
<u>As of July 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625

Monthly Financial Report – June 2012

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Your Touchstone Energy' Cooperative X

Financial Report June 2012 (\$ in Thousands)

Board Meeting Date: August 21, 2012

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Summary of Statement of Operations YTD - June

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	1997	2012		2011		
		.45	Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget	Variance	Actual	Variance	
Revenues	276,121	303,754	(27,633)	275,071	1,050	
Cost of Electric Service	274,562	309,215	34,653	274,592	30	
Operating Margins	1,559	(5,461)	7,020	479	1,080	
Interest Income/Other	76	59	17	216	(140)	
Net Margins - YTD	1,635	(5,402)	7,037	695	940	



Your loss to one Energy Cooperative 🔊

Statement of Operations - June Variance to Budget Year-to-Date

Current Month

	Cur	lent monut					
			Variance			Variance	
		Budget	Fav/(UnFav)	Actual	Budget	Fav/(UnFav)	Explanation
	Actual	Budget	Tavionuti				
		47,810	(843)	273,712	301,746	(28,034)	[A] Pages 7, 9-13, 16-21
ELECTRIC ENERGY REVENUES	46,967	334	169	2,409	2,008	401	
OTHER OPERATING REVENUE AND INCOME	503	334	100				
		48,144	(674)	276,121	303,754	(27,633)	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	47,470	40,144	(014)				
							[A] Pages 8, 14-15, 23
	3,967	5,021	1,054	23,837	27,057		
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	19,401	20,415	1,014	106,890	114,716		[A] Pages 8, 14-15
OPERATION EXPENSE-PRODUCTION-FUEL	7,966	7,551	(415)	58,175	67,585		[A] Pages 8, 14-15, 23
OPERATION EXPENSE-OTHER POWER SUPPLY	632	911	279	4,979	5,397	418	
OPERATION EXPENSE-TRANSMISSION	181	217	36	1,225	1,230	5	
OPERATION EXPENSE-RTO/ISO	47	56	9	199	385	186	101 0
CONSUMER SERVICE & INFORMATIONAL EXPENSE	10	85	75	21	551		[B] Page 24
OPERATION EXPENSE-SALES		2.654	(616)	13,793	13,821	28	-
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	3,270	2,004	(010)				
		36,910	1,436	209,119	230,742	21,623	
TOTAL OPERATION EXPENSE	35,474	30,910	1,400				
		7 000	4.353	20,426	33,556		[B], [C] Page 25
MAINTENANCE EXPENSE-PRODUCTION	2,679	7,032	(185)	2,334	1,960	(374	[B] Page 26
MAINTENANCE EXPENSE-TRANSMISSION	539	354	(103)	93	53	(40	<u>)</u>
MAINTENANCE EXPENSE-GENERAL PLANT	25	8					
				22,853	35,569	12,716	
TOTAL MAINTENANCE EXPENSE	3,243	7,394	4,151	22,000			
			100	20,364	20,753	389	
DEPRECIATION & AMORTIZATION EXPENSE	3,392	3,492	100	20,004	1	(3)
TAXES	0	0	0	22,484	22.243	(241)
INTEREST ON LONG-TERM DEBT	3,706	3,684	(22)	(385)	(254)	131	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(57)	(50)		(305)	(2.047	C	
OTHER INTEREST EXPENSE	0	0	0		161	38	
	12	42	30	123	101		
OTHER DEDUCTIONS					309,215	34,653	1
TOTAL COST OF ELECTRIC SERVICE	45,770	51,472	5,702	274,562	305,215	04,000	
IUTAL COST OF ELECTRIC CERTICE							
			F 000	1,559	(5,461)	7,02	נ
OPERATING MARGINS	1,700	(3,328) 5,028	1,000	(, , , , , , , , , , , , , , , , , , ,		
Of Electric distribution							
				31	34	(3)
INTEREST INCOME	4	6		0	0		0
ALLOWANCE FOR FUNDS USED DURING CONST	0	0		ő	0		0
OTHER NON-OPERATING INCOME - NET	0	C		45	25	2	0
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	C		45 0	0		0
EXTRAORDINARY ITEMS	0) 0	U			-
EXIMADIDINALITEND							
				1,635	(5,402)	7,03	7
NET PATRONAGE CAPITAL OR MARGINS	1,704	(3,322	2) 5,026	1,000	(0,-102)	11-1	
NET FAILORAGE ON THE OTTAL STATE							

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.


Statement of Operations - June Variance to Prior-Year Year-to-Date

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				Ye	ear-to-Date		
	CL	irrent Month					
			Variance			Variance	Explanation
		-	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav)	Explanation
	Actual	Prior Year	Faviumrav] Pages 7, 9-13, 16-21
			1,479	273,712	273,551		
THE THEORY REVENUES	46,967	45,488	297	2,409	1,520	<u>889</u> Pa	ige 22
ELECTRIC ENERGY REVENUES OTHER OPERATING REVENUE AND INCOME	503	206	231				
OTHER OPERATING REVENCE AND INCOME			4 770	276,121	275,071	1,050	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	47,470	45,694	1,776				
TOTAL OPER REVENUES & PATRONAGE OF A THE							
				23,837	24,222	385 (A	Pages 8, 14-15, 23
THE PROPERTY AND THE	3,967	3,980	13	106.890	114,182	7,292 [/	A) Pages 8, 14-15
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	19,401	18,370	(1,031)	58,175	55,019	(3,156) [/	A] Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-FUEL	7,966	9,961	1,995	4,979	4,647	(332)	
OPERATION EXPENSE-OTHER POWER SUPPLY	632	1,013	381	1,225	1,267	42	
OPERATION EXPENSE-TRANSMISSION	181	263	82	199	190	(9)	
THE TON EVERYTHE PTOUSO	47	29	(18)		23	2	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	10	21	11	21	13,677	(116)	
	3,270	2,725	(545)	13,793	13,017		
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	3,210				213.227	4,108	
0. 1	35,474	36,362	888	209,119	213,221	-1,122	
TOTAL OPERATION EXPENSE	35,474	30,002				(1 497)	C] Page 25
		4,155	1,476	20,426	18,929	(194)	
MAINTENANCE EXPENSE-PRODUCTION	2,679	433	(105)	2,334	2,140	(35)	
MAINTENANCE EXPENSE-TRANSMISSION	539	433	(8)	93	58	(33)	
MAINTENANCE EXPENSE-GENERAL PLANT	25	17		A		(4 705)	
MAINTENANCE LA EROE CENT			1,362	22,853	21,127	(1,726)	
TOTAL MAINTENANCE EXPENSE	3,243	4,605	1,001				(D) (C) Reco 27
TOTAL MAINTERANCE EN CIOL			(514)	20,364	17,314		[B], [C] Page 27
DEPRECIATION & AMORTIZATION EXPENSE	3,392	2,878	(314)	- 4	128	124	
	0	65		22,484	22,996	512	
TAXES	3,706	3,752	46	(385)	(375)	10	
INTEREST ON LONG-TERM DEBT	(57)	(21)	36	0	59	59	
INTEREST ON LONG TENNIN CONSTRUCTION-CREDIT	0	0	0	123	116	(7)	
OTHER INTEREST EXPENSE	12	11	(1)	120			
OTHER DEDUCTIONS				274,562	274,592	30	
	45,770	47,652	1,882	214,002			
TOTAL COST OF ELECTRIC SERVICE							
					479	1,080	
	1,700	(1,958	3,658	1,559	475		
OPERATING MARGINS	1,700	(
01 21000					440	(79	0
	4	7	(3)	31	110	(, ~ (
INTEREST INCOME	4			0	0	(9	
ALLOWANCE FOR FUNDS USED DURING CONST	-			0	9	(52	
OTHER NON-OPERATING INCOME - NEI	0		0	45	97		
OTHER CAPITAL CREDITS & PAT DIVIDENDS	C		0	0	0		<u></u>
EXTRAORDINARY ITEMS					And a second sec		
EXIRAORDINART TENO							•
			o) 3,653	1,635	695	94	0
NET PATRONAGE CAPITAL OR MARGINS	1,70	4 (1,94	9) 3,033	.,			
NET PATRONAGE CAPITAL OF INA COMP							

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary



Financial Commentary

Year-to-Date

June YTD 2012 Margins were \$7,037 favorable to budget.

• Electric Energy Revenues were unfavorable \$28,034 primarily due to lower rural volume and lower rates (see page 7).

- Operation Expense was favorable \$21,623 driven by lower variable costs \$18,192 primarily due to lower variable costs per MWh (see page 8). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23-24).
- Maintenance Expense was favorable \$12,716 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and lower expenses at the Coleman facility to offset the lower power market (see pages 25-26).



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- June YTD 2012 margins were \$940 unfavorable to 2011.
 - Revenues were favorable \$1,050 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue. These favorable variances were partially offset by lower off-system pricing and volumes.
 - Operation Expense was favorable \$4,108 driven by lower variable costs \$7,327, due to volume, partially offset by higher expenses associated with Station-Two (see pages 8 & 23).
 - Maintenance Expense was unfavorable \$1,726 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see page 25).
 - Depreciation, interest Expense, Taxes & Other combined was higher \$2,352 (see page 27).



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Your Touchstone Energy Cooperative %T

Revenue <u>YTD June</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
MWh Sales					
Rural	1,118,075	1,159,202	(41,127)	1,171,779	(53,704)
Large Industrial	481,492	477,142	4,350	478,636	2,856
Smelter	3,699,068	3,638,544	60,524	3,328,302	370,766
Off-System/Other					
Total					
Revenue - \$/MWh					
Rural	50.62	53.55	(2.93)	45.57	5.05
Large Industrial	42.90	46.17	(3.27)	41.48	1.42
Smelter	48.40	51.97	(3.57)	43.27	5.13
Off-System/Other					
Total			·		•
Revenue - Thousands of \$					
Rural	56,601	62,079	(5,478)	53,396	3,205
Large Industrial	20,655	22.030	(1,375)	19,852	803
Smelter	179,021	189,084	(10,063)	144,006	35,015
Off-System/Other					
Total					

Revenue Price / Volume Analysis

June 2012

		Pi	rice / Volume	
		Price	Volume	<u>Total</u>
Rural		(3,275)	(2,203)	(5,478)
Large Industrial		(1,576)	201	(1,375)
Smelter		(13,209)	3,146	(10,063)
Off-System/Other				
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Variable Operations Cost <u>YTD June</u>

Your Touchstone Energy Cooperative X 1 -

	Actual 2012	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Variable Operations (VO) Cost -	5/MWh				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total			<u>i an </u>		an a
VO Cost - Thousands of \$ Rural					
Large Industrial Smelter					
Off-System/Other Total			n An an an Anna an Anna an Anna An an Anna		

YTD June 2012 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						



Net Sales Margin <u>YTD June</u>

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		Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin -	\$/MWh	1.00 A 1.01	1 1190 0 2 1 20 1			
Rural						
Large Industrial						
Smelter						
Off-System/Other						
Total						
Net Sales Margin -	Thousands of ¢					
Rural	· mousanus or p					
Large Industrial						
Smelter						
Off-System/Other						
Total						

Net Sales Margin Price / Volume Analysis June 2012

Price / Volume

Rural Large Industrial Smelter Off-System/Other

1				
· .				
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Member Rate Stability Mechanism <u>YTD June</u>

Your Teachstone Energy Cooperative 75

	Actual	Budget	2012 Variance	Actual 2011	2011 Variance		Actual <u>2012</u>	Budget 2012	2012 Variance	Actual <u>2011</u>	2011 Variance
MRSM - \$/MWh	<u>2012</u>	<u>2012</u>	valiance	2011	Variance	Net Revenue - \$/MWh	2012	2012	variance	2011	valiance
	(0.70)	(0.04)			0.00		42.00	42.04	(0.04)	20 50	E 20
Rural	(6.72)	(9.64)	2.92	(7.05)	0.33	Rural	43.90	43.91	(0.01)	38.52	5.38
Large Industrial	(6.72)	(9.64)	2.92	(7.05)	0.33	Large Industrial	36.18	36.53	(0.35)	34.43	1.75
Total	(6.72)	(9.64)	2.92	(7.05)	0.33	Total	41.58	41.76	(0.18)	37.33	4.25
MRSM - Thousands of \$						Net Revenue - Thousand	<u>s of \$</u>				
Rural	(7,510)	(11,178)	3,668	(8,260)	750	Rural	49,091	50,900	(1,809)	45,136	3,955
Large Industrial	(3,231)	(4,600)	1,369	(3,376)	145	Large Industrial	17,424	17,430	(6)	16,476	948
Total	(10,741)	(15,778)	5,037	(11,636)	895	Total	66,515	68,330	(1,815)	61,612	4,903

Econom	nic R	eserve Bala	nce			
Cumulative-to-Date		<u>Actual</u>	ļ	<u>Budget</u>	Va	ariance
Original Deposit	\$	157,000				
Interest Earnings		3,015				
Withdrawals		(69,676)				
Ending Balance 6/30/2012	\$	90,339	\$	85,090	\$	5,249
YTD June 2012						
Beg. Balance 1/1/2012	\$	100,601				
Interest Earnings		251				
Withdrawals		(10,513)				
Ending Balance 6/30/2012	\$	90,339	\$	85,090	\$	5,249

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MWH Sales YTD - June

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Revenue - \$/MWh Sold YTD - June



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Revenue

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Variable Operations Cost YTD - June



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🔲 Favorable 🔲 Unfavorable Budget Prior Year



*



Unfavorable

17

Prior Year



MRSM - \$/MWh YTD - June



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MRSM YTD - June



Net Revenue (Excl. MRSM) - \$/MWh YTD - June

Rivers

Your Trachstone Energy Cooperative 201

\$50.00 \$43.90 \$43.91 \$45.00 \$40.00 \$38.52 \$36.53 \$36.18 \$34.43 \$35.00 \$30.00 \$25.00 \$20.00 \$15.00 \$10.00 \$5.00 \$0.00 Rural Large Industrial E Favorable 🔳 Budget 20 Unfavorable Prior Year



Your Touchstone Energy Competative KT

Net Revenue (Excl. MRSM) YTD - June





Your Teachasone Etiensy Cooperative 😹 🕯

Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
June YTD	2,409	1,520	889

The favorable prior-year variance is due to higher transmission revenue this year.



Non-Variable Production and

Other Power Supply – Operations

			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
June YTD			2,264		(2,806)

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	314
Plant Operations reductions	1,187
Station Two O&M (timing/reductions)	602
Other	161
Non-Variable Production and Other Power Supply - Operations	2,264
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(37)
Station-Two O&M [driven by higher outage expense in 2012]	(1,937)
Station-Two [higher depreciation expense]	(646)
Other	(186)



Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
June YTD	21	551	530

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



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Maintenance Expense – Production

	2012			2011
		Variance	2011	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
		13,130		(1,497)

June YTD

The favorable YTD variance vs. budget is primarily due to scope reduction of the Wilson planned outage. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the timing of a mill overhaul and cost reductions at the plant. The planned outage on the gas turbine was also cancelled in June.

The unfavorable variance to prior-year is driven by the Wilson spring outage this year.



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Maintenance Expense – Transmission

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
June YTD	2,334	1,960	(374)

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted.



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Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	Fav/(Unfav)
June YTD	20,364	17,314	(3,050)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



North Star – YTD June

		2012		20	11
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			34,652		30
Other Operating Revenues & Income	(2,409)	(2,008)	401	(1,520)	889
Smelter Avoidable Base Charge	(234)	0	234	(1,351)	(1,117)
Off-System Sales/Other					
Interest Income	(32)	(34)	(2)	(110)	(78)
Other Non-Operating Income	Ó Ó	0	0	(9)	(9)
Other Capital Credits & Pat. Dividends	(45)	(25)	20	(97)	(52)
			24,187		(39,198)
	and a state of the second s	and a second			

Member MWh

5,298,635	5,274,888	23,747	4,978,719	319,916

North Star - \$/kWh



Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

Year-to-Date

Fav/(UnFav) Budget * Actual 1,112 1.617 505 IT 20,516 37.689 17.173 Generation 4.361 6,977 2.616 Transmission 1,492 1,903 411 Other 27,481 48.186 20,705 Total

Explanation:

IT was favorable \$1,112 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable by \$20,516. Wilson Station was favorable \$8,427 primarily due to outage scope reductions/deferrals. Green Station was favorable by \$7,626 due to the G2 outage deferral, as well as the timing of the FGD and Coal Sampler projects. Station-Two was favorable \$1,736 largely due to the timing of the H1 Burner Replacement project. Coleman Station was favorable \$2,727 due to the C1 and C3 outage deferrals, as well as timing issues on various projects.

Transmission was favorable \$4,361 primarily due to timing related to the Two-way Radio and Wilson EHV Substation projects, as well as favorability attributable to the White Oak Substation project.

Other was favorable \$1,492 mainly due to the timing of the Operator Training Simulator and the timing of vehicle purchases.

* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	Actual	<u>Budget</u>	Fav/(Unfav)	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
June 30th	47,659	59,152	(11,493)	76,443	(28,784)

The June 30, 2012 cash balance compared to budget is unfavorable primarily due to the borrowing that was budgeted in April, but will not occur until July. These unfavorable variances are partially offset by lower capital spending.

The variance to prior-year is driven by the year-over-year increase in fuel inventory.

Lines of Credit	
As of June 30th	
Original Amount	\$100,000
Letters of Credit Outstanding	(6,775)
Advances Outstanding	0
Available Lines of Credit	\$ 93,225

Monthly Financial Report – May 2012



Your Touchstone Energy' Cooperative 🔨

Financial Report May 2012 (\$ in Thousands)

Board Meeting Date: July 20, 2012

Big Rivers

Summary of Statement of Operations YTD - May

Son loschosne friege Cooperative 🍂 🐂		2012		20	011
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Revenues	228,651	255,610	(26,959)	229,377	(726)
Cost of Electric Service	228,792	257,743	28,951	226,940	(1,852)
Operating Margins	(141)	(2,133)	1,992	2,437	(2,578)
Interest Income/Other	72	53	19	207	(135)
Net Margins - YTD	(69)	(2,080)	2,011	2,644	(2,713)
June YTD June	<u>1,704</u> 1,635	(3,322) (5,402)	<u>5,026</u> 7,037	<u>1,949</u> 695	<u>3,653</u> 940



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Statement of Operations - May Variance to Budget

	Current Month		Ye	Year-to-Date			
	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation
-		50.045	(10,535)	226,744	253.936	(27, 192)	Pages 7, 9-13, 16-21
ELECTRIC ENERGY REVENUES OTHER OPERATING REVENUE AND INCOME	48,310 380	58,845 333	47	1,907	1,674	233	
OTHER OPERATING REVENUE AND INCOME							
TOTAL OPER REVENUES & PATRONAGE CAPITAL	48,690	59,178	(10,488)	228,651	255,610	(26,959)	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,063	4,331	268	19,870	22,036		Pages 8, 14-15, 23
DPERATION EXPENSE-PRODUCTION-EXCLUDED	20,412	18.278	(2,134)	87,489	94,301		Pages 8, 14-15
DPERATION EXPENSE-OTHER POWER SUPPLY	8,773	17,990	9,217	50,209	60,034		Pages 8, 14-15, 23
OPERATION EXPENSE-TRANSMISSION	1,080	895	(185)	4,346	4,486	140	
OPERATION EXPENSE-RTO/ISO	196	193	(3)	1,044	1,014	(30)	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	22	57	35	153	329	176	
	4	73	69	11	466	455	Page 25
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,923	2,390	467	10,523	11,166	643	Page 26
TOTAL OPERATION EXPENSE	36,473	44,207	7,734	173,645	193,832	20,187	
	0.000	5 6 16	2,990	17,747	26,524	8,777	Page 27
MAINTENANCE EXPENSE-PRODUCTION	2,626	5,616 350	(41)	1,795	1,605	(190)	
MAINTENANCE EXPENSE-TRANSMISSION	391	350	(14)	68	46	(22)	
MAINTENANCE EXPENSE-GENERAL PLANT	22	0	(14)				-
TOTAL MAINTENANCE EXPENSE	3,039	5,974	2,935	19,610	28,175	8,565	
DEPRECIATION & AMORTIZATION EXPENSE	3,392	3,483	91	16,972	17,260	288	
	0	0	0	4	1	(3)
TAXES	3,815	3,786	(29)	18,779	18,559	(220)
INTEREST ON LONG-TERM DEBT INTEREST CHARGED TO CONSTRUCTION-CREDIT	(65)	(38)		(328)	(203)	125	
	(00)	6	0	0	0	0	
OTHER INTEREST EXPENSE OTHER DEDUCTIONS	27	43	16	110	119	9	
TOTAL COST OF ELECTRIC SERVICE	46,681	57,455	10,774	228,792	257,743	28,951	
OPERATING MARGINS	2,009	1,723	286	(141)	(2,133)	1,992	1
		-	101	27	28	(1	0
INTEREST INCOME	4	7	(3) 0	2/	0	(
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	-	0	0	Ċ	
OTHER NON-OPERATING INCOME - NET	0	0	0	45	25	20	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0		45 0	23)
EXTRAORDINARY ITEMS	0	0	0		U		<u>.</u>
NET PATRONAGE CAPITAL OR MARGINS	2,013	1,730	283	(69)	(2,080)	2,01	1

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Statement of Operations – May Variance to Prior-Year

Current Month

Year-to-Date

	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Favi(UnFav)	Explanation
-						(4.040) De	iges 7, 9-13, 16-21
ELECTRIC ENERGY REVENUES	48,310	50,393	(2,083)	226,744	228,063		
OTHER OPERATING REVENUE AND INCOME	380	319	61	1,907	1,314	<u> </u>	ige 22
TOTAL OPER REVENUES & PATRONAGE CAPITAL	48,690	50,712	(2,022)	228,651	229,377	(726)	
	4,063	4,138	75	19,870	20,242	372 Pa	iges 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	20,412	20,070	(342)	87,489	95,813	8,324 Pa	ages 8, 14-15
OPERATION EXPENSE-PRODUCTION-FUEL	8,773	10,517	1,744	50,209	45,058	(5,151) Pa	iges 8, 14-15, 23
OPERATION EXPENSE-OTHER POWER SUPPLY		416	(664)	4,346	3,634	(712) Pa	
OPERATION EXPENSE-TRANSMISSION	1,080	206	10	1.044	1,003	(41)	
OPERATION EXPENSE-RTO/ISO	196		5	153	161	8	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	22	27 7	3	133	2	(9)	
OPERATION EXPENSE-SALES	4	•		10,523	10,952	429	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,923	2,198	275	10,523	10,332	763_	
TOTAL OPERATION EXPENSE	36,473	37,579	1,106	173,645	176,865	3,220	
MAINTENANCE EXPENSE-PRODUCTION	2,626	2,632	6	17,747	14,774	(2,973) P	age 27
MAINTENANCE EXPENSE-TRANSMISSION	391	387	(4)	1,795	1,707	(88)	
MAINTENANCE EXPENSE-GENERAL PLANT	22	13	(9)	68	41	(27)	
MAINTENANCE EXPENSE-GENERAL PLANT							
TOTAL MAINTENANCE EXPENSE	3,039	3,032	(7)	19,610	16,522	(3,088)	
DEPRECIATION & AMORTIZATION EXPENSE	3,392	2.878	(514)	16,972	14,436	(2,536) P	age 28
	0	0	0	4	63	59	
TAXES INTEREST ON LONG-TERM DEBT	3.815	3,863	48	18,779	19,244	465	
INTEREST ON LONG-TERM DEDT	(65)	(17)	48	(328)	(354)	(26)	
	(00)	0	0	0	59	59	
OTHER INTEREST EXPENSE OTHER DEDUCTIONS	27	13	(14)	110	105	(5)	
UTER DEDUCTIONS			•	000 700	226,940	(1,852)	
TOTAL COST OF ELECTRIC SERVICE	46,681	47,348	667	228,792	220,940	(1,032)	
OPERATING MARGINS	2,009	3,364	(1,355)	(141)	2,437	(2,578)	
NT DECT NOONE	4	9	(5)	27	103	(76)	
INTEREST INCOME ALLOWANCE FOR FUNDS USED DURING CONST	ő	0	0	0	0	0	
	ő	3	(3)	0	7	(7)	
OTHER NON-OPERATING INCOME - NET	0	0	0	45	97	(52)	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	-0	0	0	
EXTRAORDINARY ITEMS	0	0	<u> </u>				

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary



Financial Commentary

Year-to-Date

- May YTD 2012 Margins were \$2,011 favorable to budget.
 - Electric Energy Revenues were unfavorable \$27,192 primarily due to lower rural volume and lower rates (see page 7).
 - Operation Expense was favorable \$20, 187 driven by lower variable costs \$17,553 primarily due to lower variable costs per MWh (see page 8). The remainder of the
 variance is made up of favorable plant and fixed departmental expenses (see pages 23, 25-26).
 - Maintenance Expense was favorable \$8,565 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage and lower expenses at the Coleman facility to offset the lower power market (see page 27).



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- May YTD 2012 margins were \$2,713 unfavorable to 2011.
 - Revenues were unfavorable \$726 primarily due lower OSS volumes and pricing, partially offset by the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue
 - Operation Expense was favorable \$3,220 driven by lower variable costs \$6,089, due to volume, partially offset by higher expenses associated with Station-Two (see pages 8 & 23-24).
 - · Maintenance Expense was unfavorable \$3,088 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see page 27).
 - * Depreciation, Interest Expense, Taxes & Other combined was higher \$1,984 (see page 28).



Your Teachstone Energy Cooperative MT

Revenue <u>YTD May</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
MWh Sales					
Rural	910,248	945,324	(35,076)	961,586	(51,338)
Large Industrial	403,299	395,369	7,930	394,769	8,530
Smelter	3,088,661	3,038,784	49,877	2,768,246	320,415
Off-System/Other					
Total					
<u>Revenue - \$/MWh</u>					
Rural	49.90	53.55	(3.65)	45.64	4.26
Large Industrial	42.82	46.17	(3.35)	41.84	0.98
Smelter	48.40	52.00	(3.60)	43.43	4.97
Off-System/Other					
Total					· · ·
<u> Revenue - Thousands of \$</u>					
Rural	45,420	50,619	(5,199)	43,889	1,531
Large Industrial	17,269	18,256	(987)	16,518	751
Smelter	149,502	158,016	(8,514)	120,223	29,279
Off-System/Other					
Total					

Revenue Price / Volume Analysis May 2012

	Price / Volume		
	Price	<u>Volume</u>	<u>Total</u>
Rural	(3,321)	(1,878)	(5,199)
Large Industrial	(1,353)	366	(987)
Smelter	(11,108)	2,594	(8,514)
Off-System/Other		5 A. A.	


Variable Operations Cost <u>YTD May</u>

Your Touchstone Energy Cooperative XT

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Variable Operations (VO) Cost -	\$/MWh	e weeks e daar al daar oo	station and the second	a caracterization	an an an an Arden
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				ىيە ئۆلەرنىيە ئىلارىيە بىرىيە. مەركۆلەرنىيە	میں روپی 25 میں 25 میں دور میں

YTD May 2012 Variable Operations Expense

		Variable Operations Expense			Volume Variance	
	Actual	Budget	- ···· • ·	Fav/(UnFav)	Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel Purchased Power						
Non-FAC PPA (Non-Smelter)					en an	



Net Sales Margin <u>YTD May</u>

LAINE AT	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>Net Sales Margin - \$/MWh</u> Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total			a des foids foit an fail an seasch an f		
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

Net Sales Margin Price / Volume Analysis May 2012



Rural Large Industrial Smelter Off-System/Other



Member Rate Stability Mechanism <u>YTD May</u>

Your Teachstoric brieger 1 cooperative 🖄	Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>		Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MRSM - \$/MWh</u> Rural Large Industrial Total	(6.68) (6.68) (6.68)	(9.53) (9.53) (9.53)		(7.28) (7.28) (7.28)	0.60	<u>Net Revenue - \$/MWh</u> Rural Large Industrial Total	43.22 36.14 41.04	44.02 36.64 41.84	(0.80) (0.50) (0.80)	38.36 34.56 37.26	4.86 1.58 3.78
<u>MRSM - Thousands of \$</u> Rural Large Industrial Total	(6,078) (2,692) (8,770)	(9,004) (3,763) (12,767)		(7,003) (2,876) (9,879)	184	<u>Net Revenue - Thousand</u> Rural Large Industrial Total	<u>s of \$</u> 39,342 14,577 53,919	41,615 14,493 56,108	(2,273) 84 (2,189)	36,886 13,642 50,528	2,456 935 3,391

Economic Reserve Balance						
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings Withdrawals	\$	<u>Actual</u> 157,000 2,983 (67,730)	<u>E</u>	<u>Budget</u>	<u>Va</u>	iriance
Ending Balance 5/31/2012	\$	92,253	\$	88,047	\$	4,206
<u>YTD May 2012</u> Beg. Balance 1/1/2012 Interest Earnings Withdrawals	\$	100,601 219 (8,567)				
Ending Balance 5/31/2012	\$	92,253	\$	88,047	\$	4,206





Revenue - \$/MWh Sold YTD - May

Your Louchstone Energy Cooperative 2017





Your Touchaone Energy Cooperative 35

Revenue YTD - May



Variable Operations - \$/MWh Sold YTD - May

Your Josephane Energy Cooperative AT

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Unfavorable

Prior Year



Net Sales Margin - \$/MWh YTD - May

Your Touchstone Energy Cooperative Matter





Net Sales Margin YTD – May



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MRSM - \$/MWh YTD - May

Your Ionchstons Energy Cooperative XST





Your Toochstone triergy Cooperative XR

MRSM YTD - May





Year Loudson Energy Competative St

Net Revenue (Excl. MRSM) - \$/MWh YTD - May

\$50.00 \$44.02 \$45.00 \$43.22 \$40.00 \$38.36 \$36.64 \$36.14 \$34.56 \$35.00 \$30.00 \$25.00 \$20.00 \$15.00 \$10.00 \$5.00 \$0.00 Large Industrial Rural 🔳 Budget Favorable 20 Prior Year Unfavorable



Net Revenue (Excl. MRSM) YTD - May





Your Touchstone Energy Cooperative St .

Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
May YTD	1,907	1,314	593

The favorable prior-year variance is due to higher transmission revenue this year.



<u>Non-Variable Production and</u> Other Power Supply – Operations

		2012			2011
			Variance	2011	Variance
	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
May YTD			1,250		(2,544)
	r Variances				Fav/(UnFav)
	ly transmission	reservation			314
	O&M (outage t				589
	ions timing/exp		S		540
Other					(193)
Non-	Variable Produc	tion and Other	Power Supply - Operat	ions	1,250
Prior-Year V	/ariances				Fav/(UnFav)
	bly transmission	n reservation			(33)
			expense in 2012]		(1,867)
	[higher deprec				(516)
Other					(128)

Non-Variable Production and Other Power Supply - Operations

(2,544)



Your Touchestone Energy Cooperative X

Operation Expense – Transmission

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
May YTD	4,346	3,634	(712)

Unfavorable to prior year due to higher MISO and TVA transmission expenses.



Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
May YTD	11	466	455

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



Your loadotone huers Cooperative XT

Operation Expense – Admin. & General

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
May YTD	10,523	11,166	643

Favorable to budget due to favorable timing of fixed departmental expenses and cost saving measures to offset the lower off-system market.



Maintenance Expense – Production

	2012			2011
		Variance	2011	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
		8,777		(2,973)

May YTD

The favorable YTD variance vs. budget is primarily due the to scope reduction of the Wilson planned outage. The Green facility is favorable due to the cancellation of the unit two planned outage. The Coleman station is also favorable due to the timing of a mill overhaul and cost reductions at the plant.

The unfavorable variance to prior-year is driven by the Wilson spring outage and increased maintenance spending at the Green & Coleman locations this year.



Your Roadistone Energy Cooperative XT

Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
May YTD	16,972	14,436	(2,536)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



North Star – YTD May

		2012		20	11
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			28,951		(1,852)
Other Operating Revenues & Income	(1,906)	(1,674)	232	(1,314)	592
Smelter Avoidable Base Charge	(234)	0	234	(1,241)	(1,007)
Off-System Sales/Other					
Interest Income	(27)	(28)	(1)	(103)	(76)
Other Non-Operating Income	0	0	0	(7)	(7)
Other Capital Credits & Pat. Dividends	(45)	(25)	20	(97)	(52)
·	na 1997 - San Alin San Angelana San Ngang San	and a start of the second s Second second	16,944		(35,282)
				4 4 9 4 9 9 9	077.005

Member MWh

4,402,208	4,379,477	22,731	4,124,603	277,605
L				

North Star - \$/kWh

Big Rivers	TIER		
	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	18,779	18,558	(221)
Net Margins			
TIER - YTD May			
TIER (12 months ending 5/31)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	279	1,441	1,162
Generation	15,800	35,232	19,432
Transmission	1,962	5,962	4,000
Other	368	1,006	638
Total	18,409	43,641	25,232

Explanation:

IT was favorable \$1,162 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable by \$19,432. Wilson Station was favorable \$8,139 primarily due to outage scope reductions/deferrals. Green Station was favorable by \$7,042 due to the G2 outage deferral, as well as the timing of the FGD and Coal Sampler projects. Station-Two was favorable \$1,825 largely due to the timing of the H1 Burner Replacement project. Coleman Station was favorable \$2,426 due to the C1 and C3 outage deferrals.

Transmission was favorable \$4,000 primarily due to timing related to the Two-way Radio project, as well as favorability attributable to the White Oak Substation project.

Other was favorable \$638 mainly due to the timing of the Operator Training Simulator and the timing of vehicle purchases.

31

* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
May 31st	39,627	56,386	(16,759)	67,027	(27,400)

The May 31, 2012 cash balance compared to budget is unfavorable primarily due to the borrowing that was budgeted, partially offset by lower capital spending.

The variance to prior-year is driven by the year-over-year increase in fuel inventory.

Lines of Credit <u>As of May 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(6,775)
Advances Outstanding	0
Available Lines of Credit	\$ 93,225

Monthly Financial Report – April 2012



Your Touchstone Energy' Cooperative K

Financial Report April 2012 (\$ in Thousands)

Board Meeting Date: June 15, 2012



Summary of Statement of Operations YTD - April

		2012	2011		
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Revenues	179,961	196,431	(16,470)	178,664	1,297
Cost of Electric Service	182,111	200,287	18,176	179,592	(2,519)
Operating Margins	(2,150)	(3,856)	1,706	(928)	(1,222)
Interest Income/Other	68	46	22	196	(128)
Net Margins - YTD	(2,082)	(3,810)	1,728	(732)	(1,350)



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Statement of Operations – April Variance to Budget

	Current Month			Ye	Year-to-Date		
	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation
	44.004	44,894	(560)	178,434	195.091	(16.657)	Pages 7, 9-13, 16-21
ELECTRIC ENERGY REVENUES OTHER OPERATING REVENUE AND INCOME	44,334 322	334	(12)	1,527	1,340	187	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	44,656	45,228	(572)	179,961	196,431	(16,470)	
	3.987	4,146	159	15.807	17,705	1,898	Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	17,355	18,388	1.033	67.077	76,022	8,945	Pages 8, 14-15
OPERATION EXPENSE-PRODUCTION-FUEL	9,910	9,858	(52)	41,436	42,044	608	Pages 8, 14-15, 23
OPERATION EXPENSE-OTHER POWER SUPPLY	857	831	(26)	3,266	3,591	325	
OPERATION EXPENSE-TRANSMISSION	190	190	0	848	821	(27)	
OPERATION EXPENSE-RTO/ISO		59	33	131	271	140	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	26	73	73	6	393		Page 24
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	0 1,879	2,043	164	8,601	8,777	176	•
	34,204	35,588	1,384	137,172	149,624	12,452	
				15,121	20,909	5 799	Page 25
MAINTENANCE EXPENSE-PRODUCTION	2,986	4,449	1,463	1,403	1,255	(148)	
MAINTENANCE EXPENSE-TRANSMISSION	348	289	(59)	47	37	(140)	
MAINTENANCE EXPENSE-GENERAL PLANT	7	9	2	4/	31	(10	L
TOTAL MAINTENANCE EXPENSE	3,341	4,747	1,406	16,571	22,201	5,630	
DEPRECIATION & AMORTIZATION EXPENSE	3,404	3,465	61	13,580	13,778	198	
TAXES	3	1	(2)	4	0	(4	
INTEREST ON LONG-TERM DEBT	3,707	3,684	(23)	14,964	14,773	(191	
INTEREST ON LONG-LENIN DEBT	(62)	(98)	(36)	(263)	(165)	98	
	0	0	`o'	0	0	0	
OTHER INTEREST EXPENSE OTHER DEDUCTIONS	42	42	0	83	76	(7)
TOTAL COST OF ELECTRIC SERVICE	44,639	47,429	2,790	182,111	200,287	18,176	
OPERATING MARGINS	17	(2,201)	2,218	(2,150)	(3,856)	1,706	
	5	7	(2)	23	21	2	
INTEREST INCOME		0	(2)	23	0	-	
ALLOWANCE FOR FUNDS USED DURING CONST	0		0	a a	0	Č	
OTHER NON-OPERATING INCOME - NET	0	0		45	25	20	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	25	(25)	45	25	20	
EXTRAORDINARY ITEMS	0	0	00	0	U		
NET PATRONAGE CAPITAL OR MARGINS	22	(2,169)	2,191	(2,082)	(3,810)	1,728	3

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Statement of Operations – April Variance to Prior-Year

Year-to-Date

Current Month

			Variance	8-4-4	Drive Ven-	Variance Fav/(UnFav)	Explanation
	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	raw(Unrav)	LAPIANATION
LECTRIC ENERGY REVENUES	44,334	44,069	265	178,434	177,670		ages 7, 9-13, 16-21
DTHER OPERATING REVENUE AND INCOME	322	370	(48)	1,527	994	<u>533</u> P	age 22
						1 207	
OTAL OPER REVENUES & PATRONAGE CAPITAL	44,656	44,439	217	179,961	178,664	1,297	
DPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,987	3,955	(32)	15,807	16,104	297 P	ages 8, 14-15, 23
DERATION EXPENSE-PRODUCTION-FUEL	17,355	19,417	2,062	67,077	75,743		ages 8, 14-15
DERATION EXPENSE-OTHER POWER SUPPLY	9,910	8,680	(1,230)	41,436	34,542	(6,894) P	ages 8, 14-15, 23
PERATION EXPENSE-TRANSMISSION	857	968	111	3,266	3,219	(47)	
	190	217	27	848	797	(51)	
DPERATION EXPENSE-RTO/ISO CONSUMER SERVICE & INFORMATIONAL EXPENSE	26	34	8	131	134	3	
	0	(6)	(6)	6	(6)	(12)	
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,879	1,958	79	8,601	8,754	153	
	34,204	35,223	1,019	137,172	139,287	2,115	
	2,986	2,726	(260)	15,121	12,143	(2,978) F	age 25
MAINTENANCE EXPENSE-PRODUCTION	2,966	397	49	1,403	1,321	(82)	-
MAINTENANCE EXPENSE-TRANSMISSION	348	25	18	47	28	(19)	
MAINTENANCE EXPENSE-GENERAL PLANT	/	25				· · · · · · · · · · · · · · · · · · ·	
TOTAL MAINTENANCE EXPENSE	3,341	3,148	(193)	16,571	13,492	(3,079)	
DEPRECIATION & AMORTIZATION EXPENSE	3,404	2,877	(527)	13,580	11,558	(2,022)	age 26
FAXES	3	66	63	4	63	59	
NTEREST ON LONG-TERM DEBT	3,707	3,770	63	14,964	15,380	416	
NTEREST CHARGED TO CONSTRUCTION-CREDIT	(62)	(16)	46	(263)	(337)	(74)	
OTHER INTEREST EXPENSE	0	Ó	0	0	59	59	
OTHER DEDUCTIONS	42	14	(28)	83	90	7	
TOTAL COST OF ELECTRIC SERVICE	44,639	45,082	443	182,111	179,592	(2,519)	
OPERATING MARGINS	17	(643)	660	(2,150)	(928)	(1,222)	
				~~	64	(71)	
INTEREST INCOME	5	9	(4)	23	94 0	(/1)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	-	-	
OTHER NON-OPERATING INCOME - NET	0	0	0	0	5	(5)	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	45	97	(52)	
EXTRAORDINARY ITEMS	0	0	0	0	00	0	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- April YTD 2012 Margins were \$1,728 favorable to budget.
 - · Electric Energy Revenues were unfavorable \$16,657 primarily due to lower rural volume and lower rates (see page 7).
 - Operation Expense was favorable \$12,452 driven by lower variable costs \$10,331 primarily due to lower variable costs per MWh (see page 8). The remainder of the
 variance is made up of favorable plant and fixed departmental expenses (see pages 23-24).
 - Maintenance Expense was favorable \$5,630 primarily due to the scope reduction of the Wilson planned outage and lower expenses at the Coleman facility to offset the lower power market (see page 25).



Variance Analysis Summary

Your Touchstone Emergy Cooperative Kat -



Financial Commentary

Year-to-Date

- April YTD 2012 margins were \$1,350 unfavorable to 2011.
 - Revenues were favorable \$1,297 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue
 - Operation Expense was favorable \$2,115 driven by lower variable costs \$4,645, due to volume, partially offset by higher expenses assoicated with Station-Two (see pages 8 & 23).
 - Maintenance Expense was unfavorable \$3,079 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see page 25).
 - Depreciation, Interest Expense, Taxes & Other combined was higher \$1,555 (see page 26).



Your Touchstone Energy Cooperative X

Revenue <u>YTD April</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
MWh Sales					(00.040)
Rural	722,719	782,329	(59,610)	792,638	(69,919)
Large Industrial	323,362	313,201	10,161	311,029	12,333
Smelter	2,454,879	2,419,032	35,847	2,176,336	278,543
Off-System/Other					
Total				2	
Revenue - \$/MWh					
Rural	49.48	53.71	(4.23)	44.73	4.75
Large Industrial	42.72	46.66	(3.94)	41.92	0.80
Smelter	48.39	51.94	(3.55)	43.26	5.13
Off-System/Other					
Total					a that a the property of
Revenue - Thousands of \$					
Rural	35,762	42,022	(6,260)	35,457	305
Large Industrial	13,814	14,612	(798)	13,038	776
Smelter	118,791	125,650	(6,859)	94,140	24,651
Off-System/Other Total				n an Anna Anna Anna Anna Anna Anna Anna	

Revenue Price / Volume Analysis

April 2012

	Price / Volume			
	Price	Volume	Total	
Rural	(3,058)	(3,202)	(6,260)	
Large Industrial	(1,272)	474	(798)	
Smelter	(8,721)	1,862	(6,859)	
Off-System/Other				



Variable Operations Cost <u>YTD April</u>

2011 Budget Actual Actual 2012 2012 Variance 2011 Variance Variable Operations (VO) Cost - \$/MWh Rural Large Industrial Smelter Off-System/Other Total VO Cost - Thousands of \$ Rural Large Industrial Smelter Off-System/Other Total

YTD April 2012 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel						
Purchased Power Non-FAC PPA (Non-Smelter)						
				and a start of the		an a



Net Sales Margin YTD April

ρεί 30 (C / <u>Σ</u> ,	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>Net Sales Margin - \$/MWh</u>					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
<u>Net Sales Margin - Thousands of \$</u> Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

Net Sales Margin Price / Volume Analysis April 2012



Rural Large Industrial Smelter Off-System/Other

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BigRivers				Memb		tability Mechanism <u>D April</u>					
	Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>		Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MRSM - \$/MWh</u>						<u>Net Revenue - \$/MWh</u>			(* **)		
Rural	(6.53)	(9.77)	3.24	(7.14)	0.61	Rural	42.95	43.94	(0.99)	37.59	5.36
Large Industrial	(6.53)	(9.77)	3.24	(7.14)	0.61	Large Industrial	36.19	36.89	(0.70)	34.78	1.41
Total	(6.53)	(9.77)	3.24	(7.14)	0.61	Total	40.86	41.93	(1.07)	36.80	4.06
MRSM - Thousands of \$						Net Revenue - Thousand	s of \$				
Rural	(4,718)	(7,636)	2,918	(5,661)	943	Rural	31,044	34,386	(3,342)	29,796	1,248
Large Industrial	(2,108)	(3,057)	949	(2,220)	112	Large Industrial	11,706	11,555	151	10,818	888
Total	(6,826)		3,867	(7,881)		Total	42,750	45,941	(3,191)	40,614	2,136

Economic Reserve Balance									
Cumulative-to-Date	<u>Actual</u>		Budget		Variance				
Original Deposit	\$	157,000							
Interest Earnings		2,950							
Withdrawals		(66,072)							
Ending Balance 4/30/2012	\$	93,878	\$	90,069	\$	3,809			
YTD April 2012									
Beg. Balance 1/1/2012	\$	100,601							
Interest Earnings		186							
Withdrawals		(6,909)							
Ending Balance 4/30/2012	\$	93,878	\$	90,069	\$	3,809			


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MWH Sales YTD - April





Revenue - \$/MWh Sold YTD - April







Revenue YTD - April





Variable Operations Cost YTD - April

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MRSM - \$/MWh YTD - April

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MRSM YTD - April





Your los how burge Congerance St

Net Revenue (Excl. MRSM) - \$/MWh YTD - April





Your Buchstone Energy Cooperative St.

21

Net Revenue (Excl. MRSM) YTD - April

\$40,000 Thousands 34,386 \$35,000 31,044 29,796 \$30,000 \$25,000 \$20,000 \$15,000 11,706 11,555 10,818 \$10,000 \$5,000 \$0 Large Industrial Rural 🔳 Budget Favorable Prior Year Unfavorable



Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
April YTD	1,527	994	533

The favorable prior-year variance is due to higher transmission revenue this year.



<u>Non-Variable Production and</u> Other Power Supply – Operations

		2012			2011		
			Variance	2011	Variance		
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>		
April YTD			1,120		(2,576)		
Current Year Variances Fav/(UnFav)							
	oply transmiss	ion reservatio	n		433		
Station-Tw	∕o O&M (outag	e timing)			589		
Other					98		
Nor	n-Variable Proc	luction and Ot	her Power Supply - O	perations	1,120		
<u>Prior-Year</u>	<u>·Variances</u>				Fav/(UnFav)		
Power Sup	oply transmiss	ion reservatio	n		(29)		
Station-Tw	(2,005)						
Station-Tw	Station-Two [higher depreciation expense]						
Other					(113)		
Nor	n-Variable Proc	duction and Ot	her Power Supply - C) perations	(2,576)		



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Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
April YTD	6	393	387

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



Your Teacherone Energy Cooperative 15 2

Maintenance Expense – Production



April YTD

The favorable YTD variance vs. budget is primarily due to scope reduction of the Wilson planned outage. The Coleman station is also favorable due to the delay of mill overhauls and cost reductions at the plant.

The unfavorable variance to prior-year is driven by the Wilson spring outage and increased maintenance spending at the Green facility this year.



Your Teachstone Energy Competative X

Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
April YTD	13,580	11,558	(2,022)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



North Star – YTD April

Total Cost of Electric Service	
Other Operating Revenues & Income	
Smelter Avoidable Base Charge	
Off-System Sales/Other	
Interest Income	
Other Non-Operating Income	
Other Capital Credits & Pat. Dividends	

2012			201	11
		Fav/(UnFav)		Fav/(UnFav)
Actual	Budget	Variance	Actual	Variance
		18,176		(2,519)
(1,527)	(1,340)	187	(994)	533
(234)	0	234	(1,113)	(879)
(23)	(21)	2	(94)	(71)
0	0	0	(5)	(5)
(45)	(25)	20	(97)	(52)
		15,880		(27,961)

Member MWh

2 500 060	2 514 562	(13 602)	3,280,005	220.955
3,500,960	3,514,562	(13,002)	3,200,000	220,000

North Star - \$/kWh

Big Rivers	TIER		
	Actual	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	14,964	14,773	(191)
Net Margins			
TIER - YTD April			
TIER (12 months ending 4/30)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

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Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	245	1,197	952
Generation	14,266	31,276	17,010
Transmission	1,231	5,238	4,007
Other	228	977	749
Total	15,970	38,688	22,718

Explanation:

IT was favorable \$952 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable by \$17,010. Wilson Station was favorable \$7,780 primarily due to outage scope reductions/deferrals. Green Station was favorable by \$5,162 due to the G2 outage deferral, as well as the timing of the FGD and Coal Sampler projects. Station-Two was favorable \$2,449 due to the timing of the H1 Burner Replacement and the H1 and H2 Cooling Tower projects. Coleman Station was favorable \$1,619 due to the C1 and C3 outage deferrals.

Transmission was favorable \$4,007 primarily due to timing related to the Two-way Radio project, as well as other timing issues.

Other was favorable \$749 mainly due to the timing of the Operator Training Simulator and the timing of vehicle purchases.

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* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
April 30th	38,179	67,361	(29,182)	39,667	(1,488)

The April 30, 2012 cash balance compared to budget is unfavorable primarily due to the borrowing that was budgeted in April and will not occur until later in the year.

The variance to prior-year is driven by the year over year increase in fuel inventory.

Lines of Credit	
<u>As of April 30th</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(6,775)
Advances Outstanding	0
Available Lines of Credit	\$ 93,225

Monthly Financial Report – March 2012



Your Touchstone Energy' Cooperative 🗡

Financial Report March 2012 (\$ in Thousands)

Board Meeting Date: May 18, 2012



Summary of Statement of Operations YTD - March

Γ		2012		20)11
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Revenues	135,305	151,203	(15,898)	134,225	1,080
Cost of Electric Service	137,472	152,859	15,387	134,510	(2,962)
Operating Margins	(2,167)	(1,656)	(511)	(285)	(1,882)
Interest Income/Other	63 -	15	48	187	(124)
Net Margins - YTD	(2 <u>,</u> 104)	(1,641)	(463)	(98)	(2,006)
April 2012	22	(2,169)	2,191	(634)	656
YTD April 2012	(2,082)	(3,810)	1,728	(732)	(1,350)



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Statement of Operations – March Variance to Budget

Year-to-Date Current Month Variance Variance Budget Fav/(UnFav) Explanation Fav/(UnFav) Actual Actual Budget 150,197 (16,097) [A] Pages 7, 9-13, 16-21 45,146 47,003 (1,857) 134,100 ELECTRIC ENERGY REVENUES 0 0 0 D Ū INCOME FROM LEASED PROPERTY - NET 0 199 1,205 1,006 348 334 14 OTHER OPERATING REVENUE AND INCOME 151,203 (15,898) 45,494 47,337 (1,843) 135.305 TOTAL OPER REVENUES & PATRONAGE CAPITAL 1,739 [A] Pages 8, 14-15, 23 13,559 11 820 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 4,346 4,249 (97) 7,913 [A] Pages 8, 14-15 57.635 16,511 13,564 (2,947) 49,722 OPERATION EXPENSE-PRODUCTION-FUEL 661 [A] Pages 8, 14-15, 23 31,526 32,187 15,747 3,789 11,958 OPERATION EXPENSE-OTHER POWER SUPPLY 2,409 2,760 351 [B], [C] Page 24 128 OPERATION EXPENSE-TRANSMISSION 799 927 (28) 233 195 (38) 659 631 OPERATION EXPENSE-RTO/ISO 108 66 (2) 104 212 CONSUMER SERVICE & INFORMATIONAL EXPENSE 68 314 [B], [C] Page 25 320 6 OPERATION EXPENSE-SALES 9 169 160 11 6,722 6,733 2,576 2,615 39 **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** 37,532 1,032 102,968 114,037 11,069 TOTAL OPERATION EXPENSE 36,500 4,326 [B], [C] Page 26 16,460 3,948 12,134 MAINTENANCE EXPENSE-PRODUCTION 5,682 9,630 1,055 966 (89) 436 359 (77) MAINTENANCE EXPENSE-TRANSMISSION 40 28 (12) 11 MAINTENANCE EXPENSE-GENERAL PLANT 10 1 4,225 17,454 6,128 10,000 3,872 13,229 TOTAL MAINTENANCE EXPENSE 10,176 10,313 137 52 DEPRECIATION & AMORTIZATION EXPENSE 3,390 3,442 (1) 0 (1) 0 1 TAXES 11,088 (169)11,257 3,827 3,768 (59) INTEREST ON LONG-TERM DEBT (200) (67) 133 12 INTEREST CHARGED TO CONSTRUCTION-CREDIT (66) (54) 0 0 OTHER INTEREST EXPENSE 0 0 0 D (7) 15 12 (3) 41 34 OTHER DEDUCTIONS 137,472 152,859 15,387 49,795 54,700 4,905 TOTAL COST OF ELECTRIC SERVICE (2,167) (511) 3,062 (1,656) (4,301) (7,363) OPERATING MARGINS З 18 15 INTEREST INCOME 7 4 3 0 ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 0 0 o 0 0 OTHER NON-OPERATING INCOME - NET 0 45 45 0 45 OTHER CAPITAL CREDITS & PAT DIVIDENDS 45 0 0 0 EXTRAORDINARY ITEMS 0 0 0 0 (463)

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

(7,359)

(4,249)

NET PATRONAGE CAPITAL OR MARGINS

3,110

(2,104)

(1,641)



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Statement of Operations – March Variance to Prior-Year

Year-to-Date

Current Month

	Variance			Variance				
_	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav)	Explanation	
ELECTRIC ENERGY REVENUES	45,146	46.395	(1,249)	134,100	133,601	499 (A)	Pages 7, 9-13, 16-21	
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	5	
OTHER OPERATING REVENUE AND INCOME	348	235	113	1,205	624	581_[B]	[C] Page 22	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	45,494	46,630	(1,136)	135,305	134,225	1,080		
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,346	4,087	(259)	11.820	12,149	329 [A]	Pages 8, 14-15, 23	
OPERATION EXPENSE-PRODUCTION-FUEL	16,511	18,347	1,836	49,722	56,326		Pages 8, 14-15	
OPERATION EXPENSE-OTHER POWER SUPPLY	11,958	10,591	(1,367)	31.526	25,861		Pages 8, 14-15, 23	
OPERATION EXPENSE-TRANSMISSION	799	733	(66)	2,409	2,250	(159)	3,	
OPERATION EXPENSE-RTO/ISO	233	207	(26)	659	580	(79)		
CONSUMER SERVICE & INFORMATIONAL EXPENSE	68	31	(37)	104	100	(4)		
OPERATION EXPENSE-SALES	9	12	3	6	0	(6)		
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,576	2,146	(430)	6,722	6,796	74		
TOTAL OPERATION EXPENSE	36,500	36,154	(346)	102,968	104,062	1,094		
MAINTENANCE EXPENSE-PRODUCTION	5.682	3,768	(1,914)	12,134	9,417	(2,717) [B]	, [C] Page 26	
MAINTENANCE EXPENSE-TRANSMISSION	436	361	(75)	1,055	924	(131)		
MAINTENANCE EXPENSE-GENERAL PLANT	10	(34)	(44)	40	2	(38)		
TOTAL MAINTENANCE EXPENSE	6,128	4,095	(2,033)	13,229	10,343	(2,886)		
DEPRECIATION & AMORTIZATION EXPENSE	3,390	2,963	(427)	10,176	8,681	(1,495) [B]	, [C] Page 27	
TAXES	1	0	(1)	1	(2)	(3)		
INTEREST ON LONG-TERM DEBT	3,827	3,987	160	11,257	11,611	354		
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(66)	(12)	54	(200)	(323)	(123)		
OTHER INTEREST EXPENSE	0	18	18	0	59	59		
OTHER DEDUCTIONS	15	55	40	41	79	38		
TOTAL COST OF ELECTRIC SERVICE	49,795	47,260	(2,535)	137,472	134,510	(2,962)		
OPERATING MARGINS	(4,301)	(630)	(3,671)	(2,167)	(285)	(1,882)		
INTEREST INCOME	7	29	(22)	18	86	(68)		
ALLOWANCE FOR FUNDS USED DURING CONST	0	23	(22)	0	0	0		
OTHER NON-OPERATING INCOME - NET	0	0	ő	0	4	(4)		
OTHER CAPITAL CREDITS & PAT DVIDENDS	45	97	(52)	45	97	(52)		
EXTRAORDINARY ITEMS	45 0	0	0	0	0	0		
NET PATRONAGE CAPITAL OR MARGINS	(4,249)	(504)	(3,745)	(2,104)	(98)	(2,006)		

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Variance Analysis Summary



Financial Commentary

Year-to-Date

March YTD 2012 Margins were \$463 unfavorable to budget.

- Electric Energy Revenues were unfavorable \$16,097 primarily due to lower rural volume and lower rates (see page 7).
- Operation Expense was favorable \$11,069 driven by lower variable costs \$9,367 primarily due to (a) lower sales volumes and (b) the MWh cost to purchase being less that the MWh cost to generate (see page 18). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23-25).
- · Maintenance Expense was favorable \$4,225 primarily due to the scope reduction of the Wilson planned outage to offset the lower power market (see page 26).



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- March YTD 2012 margins were \$2,006 unfavorable to 2011.
 - Revenues were favorable \$1,080 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011), and higher transmission revenue
 - Operation Expense was favorable \$1,094 driven by lower variable costs \$2,896, due to volume, partially offset by higher transmission reservation and higher MISO expense (see pages 8 & 23).
 - Maintenance Expense was unfavorable \$2,886 primarily due to the Wilson planned outage and higher maintenance activities at the plants (see page 26).
 - * Depreciation, Interest Expense, Taxes & Other combined was higher \$1,170 (see page 27).



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Revenue <u>YTD March</u>

	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter	574,390 243,840 1,841,799	636,409 236,316 1,819,272	(62,019) 7,524 22,527	645,798 235,825 1,605,848	(71,408) 8,015 235,951
Off-System/Other Total					
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other	49.12 42.50 48.02	53.95 46.82 52.04	(4.83) (4.32) (4.02)	44.55 41.84 43.27	4.57 0.66 4.75
Total					
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter	28,212 10,363 88,447	34,332 11,065 94,684	(6,120) (702) (6,237)	28,771 9,866 69,487	(559) 497 18,960
Off-System/Other Total					y a ser de la mart d'han

Revenue Price / Volume Analysis

March 2012

	P	rice / Volume	
Rural Large Industrial	<u>Price</u> (2,775) (1,054) (7,409)	<u>Volume</u> (3,345) 352 1,172	<u>Total</u> (6.120) (702) (6.237)
Smelter Off-System/Other			



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Variable Operations Cost <u>YTD March</u>

	Actual	Budget		Actual	2011
	<u>2012</u>	<u>2012</u>	Variance	<u>2011</u>	<u>Variance</u>
Variable Operations (VO) Cost -	• <u>\$/MWh</u>				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$	a to attact and the former attaction of the	1914 C. 1914 Street Stree	St. Counterplant and an approxim	and the could be taken man	an total a stranger and the state
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD March 2012 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						



Net Sales Margin <u>YTD March</u>

The ended	Actual <u>2012</u>	Budget <u>2012</u>	<u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin - \$/MWh					This and the Article birst
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$			eta Sonas, izienda alikatza	ing Barris Na salis	
Rural					
Large Industrial					
Smelter	SWAD / CONSTR				
Off-System/Other					
Total		Stead Marine L			

Net Sales Margin Price / Volume Analysis March 2012



				Memb		tability Mechanism					
Big Rivers					YTD	March					
C ELECTRIC CORPORATION	Actual	Budget	2012	Actual	2011		Actual	Budget	2012	Actual	2011
Your Teachstone Energy Cooperative 🎢	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>		<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	<u>Variance</u>
MRSM - \$/MWh						<u>Net Revenue - \$/MWh</u>					
Rural	(6.32)	(10.00)	3.68	(6.61)	0.29	Rural	42.80	43.95	(1.15)	37.94	4.86
Large Industrial	(6.32)	(10.00)	3.68	(6.61)	0.29	Large Industrial	36.18	36.82	(0.64)	35.23	0.95
Total	(6.32)	(10.00)	3.68	(6.61)	0.29	Total	40.82	42.02	(1.20)	37.21	3.61
MRSM - Thousands of \$						Net Revenue - Thousand	s of \$				
Rural	(3,626)	(6,358)	2,732	(4,269)	643	Rural	24,586	27,974	(3,388)	24,502	84
Large Industrial	(1,541)	(2,359)	818	(1,560)	19	Large Industrial	8,822	8,706	116	8,306	516
Total	(5,167)	(8,717)	3,550	(5,829)	662	Total	33,408	36,680	(3,272)	32,808	600

Economic Reserve Balance										
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings	\$	<u>Actual</u> 157,000 2,907	Ē	<u>Budget</u>	<u>V</u> a	ariance				
Withdrawals Ending Balance 3/31/2012	\$	<u>(64,364)</u> 95,543	\$	91,990	\$	3,553				
YTD March 2012	••••••••				<u> </u>					
Beg. Balance 1/1/2012	\$	100,601 143								
Interest Earnings Withdrawals		(5,201)								
Ending Balance 3/31/2012	\$	95,543	\$	91,990	\$	3,553				

MWH Sales YTD - March

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Revenue YTD - March



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Variable Operations Cost YTD - March

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MRSM - \$/MWh YTD - March





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MRSM YTD - March





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Net Revenue (Excl. MRSM) - \$/MWh YTD - March





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Net Revenue (Excl. MRSM) YTD - March





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Other Operating Revenue and Income

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
March YTD	1,205	624	581

The favorable prior-year variance is due to higher transmission revenue this year.



<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

	2012				2011
			Variance	2011	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
March YTD			946		(1,628)
<u>Current Ye</u>	<u>ear Variances</u>				Fav/(UnFav)
Power Sup	oply transmiss	ion reservatio	n		192
Station-Tw	vo O&M (outag	e timing)			589
Other					165
Nor	n-Variable Proc	duction and Ot	her Power Supply - O	perations	946
<u>Prior-Year</u>	<u>· Variances</u>				Fav/(UnFav)
Power Su	pply transmiss	ion reservatio	n		(216)
Station-Two O&M [driven by higher outage expense in 2012]					(952)
Station-Two [higher depreciation expense]					(320)
Other					(140)
Nor	n-Variable Pro	duction and Ot	her Power Supply - C	perations	(1,628)



Operation Expense – Transmission

		2012	
			Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
March YTD	2,409	2,760	351

Favorable to budget primarily due to lower labor expense in the operation accounts. This is partially offset in Maintenance Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted. Favorable timing of fixed departmental expenses also contributed to the variance.



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Operation Expense – Sales

		2012	
			Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
March YTD	6	320	314

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



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Maintenance Expense – Production

		2012			2011
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
TD			4,326		(2,717)

March YTD

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The favorable YTD variance vs. budget is primarily due to scope reduction of the Wilson planned outage in March.

The unfavorable variance to prior-year is driven by the Wilson spring outage and increased maintenance spending at the Green facility this year.



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Depreciation & Amortization Expense

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
March YTD	10,176	8,681	(1,495)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.



North Star – YTD March

ſ		2012		201	1
	<u> </u>		Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			15,387		(2,962)
Other Operating Revenues & Income	(1,205)	(1,006)	199	(624)	581
Smelter Avoidable Base Charge	(234)	0	234	(955)	(721)
Off-System Sales/Other					
Interest Income	(18)	(14)	4	(86)	(68)
Other Non-Operating Income	0	0	0	(5)	(5)
Other Capital Credits & Pat. Dividends	(45)	0	45	(97)	(52)
			12,831		(21,626)

2,660,030	2,691,997	(31,967)	2,487,472	172,558

North Star - \$/kWh

Big Rivers	TIER		
	Actual	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	11,257	11,088	(169)
Net Margins			
TIER - YTD March			
TIER (12 months ending 3/3	1)		

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

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Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	80	937	857
Generation	10,394	23,555	13,161
Transmission	537	3,761	3,224
Other	88	838	750
Total	11,099	29,091	17,992

Explanation:

IT was favorable \$857 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable by \$13,161. Wilson Station was favorable \$7,929 due to outage scope reductions/deferrals. Station Two was favorable \$4,092 due to the timing of the H1 Burner Replacement, and H2 Cooling Tower projects, as well as timing associated with multiple other H1 outage projects. Green was favorable \$1,636 primarily due to the G2 outage deferral. Partially offsetting these favorable variances, Coleman was \$496 unfavorable due to the timing of the H0t Reheat Tube Replacement project, which was budgeted April to October.

Transmission was favorable \$3,224 primarily due to timing related to the Two-way Radio project, as well as other timing issues.

Other was favorable \$750 mainly due to the timing of the Operator Training Simulator and the timing of vehicle purchases.

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* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
March 31st	49,467	34,061	15,406	55,928	(6,461)

The March 31, 2012 cash balance compared to budget is favorable primarily due to the decision to "claw back" \$11,500 from RUS in January due to lower than forecast off-system sales market. Lower capital spending also contributed to the favorable variance.

The variance to prior-year is driven by the year over year increase in fuel inventory.

Lines of Credit	
As of March 31st	
Original Amount	\$100,000
Letters of Credit Outstanding	(7,775)
Advances Outstanding	0
Available Lines of Credit	\$ 92,225

Monthly Financial Report – February 2012

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Your Touchstone Energy' Cooperative 🔊

Financial Report February 2012 (\$ in Thousands)

Board Meeting Date: April 20, 2012



Summary of Statement of Operations YTD - February

		2012	2011		
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Revenues	89,811	103,866	(14,055)	87,595	2,216
Cost of Electric Service	87,677	98,159	10,482	87,249	(428)
Operating Margins	2,134	5,707	(3,573)	346	1,788
Interest Income/Other	11	11	0	62	(51)
Net Margins - YTD Feb	2,145	5,718	(3,573)	408	1,737
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March	(4,249)	(7,359)	3,110	(505)	(3,744)
YTD March	(2,104)	(1,641)	(463)	(97)	(2,007)



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Statement of Operations – February Variance to Budget

	Current Month		Year-to-Date				
_	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	42,452	49,459	(7,007)	88,954	103,194	(14,240)	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	
OTHER OPERATING REVENUE AND INCOME	483	334	149	857	672	185	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	42,935	49,793	(6,858)	89,811	103,866	(14,055)	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,502	4,420	918	7,474	9,310	1.836	[A] Pages 7, 12-14
OPERATION EXPENSE-PRODUCTION-FUEL	16,308	20,178	3.870	33,211	44,070		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	9,334	9,104	(230)	19,568	16,440		[A] Pages 7, 12-14
OPERATION EXPENSE-TRANSMISSION	793	903	110	1,611	1,833	222	
OPERATION EXPENSE-RTO/ISO	217	207	(10)	426	436	10	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	21	69	48	36	146	110	
OPERATION EXPENSE-SALES	0	73	73	(4)	152	156	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,119	1,977	(142)	4,146	4,118	(28)	
TOTAL OPERATION EXPENSE	32,294	36,931	4,637	66,468	76,505	10,037	
MAINTENANCE EXPENSE-PRODUCTION	3.294	4,124	830	6,453	6.829	376	
MAINTENANCE EXPENSE-TRANSMISSION	304	303	(1)	619	607	(12)	
MAINTENANCE EXPENSE-GENERAL PLANT	12	8	(4)	29	17	(12)	
TOTAL MAINTENANCE EXPENSE	3,610	4,435	825	7,101	7,453	352	
DEPRECIATION & AMORTIZATION EXPENSE	3,389	3,432	43	6,786	6.870	84	
TAXES	0	0	0	0	0	0	
NTEREST ON LONG-TERM DEBT	3,606	3,552	(54)	7.431	7.321	(110)	
NTEREST CHARGED TO CONSTRUCTION-CREDIT	(64)	(12)	52	(134)	(13)	121	
OTHER INTEREST EXPENSE	0	0	0	0	0	0	
OTHER DEDUCTIONS	12	11	(1)	25	23	(2)	
TOTAL COST OF ELECTRIC SERVICE	42,847	48,349	5,502	87,677	98,159	10,482	
OPERATING MARGINS	88	1,444	(1.356)	2,134	5,707	(3,573)	
INTEREST INCOME	5	6	(1)	11	11	0	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	0	0	0	0	0	
	0	0	0	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	0	0	0	
EXTRAORDINARY ITEMS		0	<u> </u>	U	U	0	
NET PATRONAGE CAPITAL OR MARGINS	93	1,450	(1,357)	2.145	5.718	(3,573)	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Statement of Operations – February Variance to Prior-Year

Year-to-Date

Current Month

Variance Variance Fav/(UnFav) Actual Prior Year Actual Prior Year Fav/(UnFav) Explanation 1,748 [A] Pages 7, 12-14 ELECTRIC ENERGY REVENUES 42,452 41,982 470 88,954 87,206 INCOME FROM LEASED PROPERTY - NET 0 0 0 0 0 0 483 243 240 857 389 468 OTHER OPERATING REVENUE AND INCOME 42.225 710 89,811 87,595 2,216 TOTAL OPER REVENUES & PATRONAGE CAPITAL 42.935 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 3,502 3,841 339 7,474 8.062 588 [A] Pages 7, 12-14, 26 **OPERATION EXPENSE-PRODUCTION-FUEL** 16,308 18.070 1.762 33.211 37,979 4,768 [A] Pages 7, 12-14 (4,299) [A] Pages 7, 12-14, [B] 26 OPERATION EXPENSE-OTHER POWER SUPPLY 9,334 6,800 (2, 534)19,568 15,269 1,611 1,517 (94) OPERATION EXPENSE-TRANSMISSION 793 784 (9) 373 (53) 217 203 (14) 426 OPERATION EXPENSE-RTO/ISO 34 CONSUMER SERVICE & INFORMATIONAL EXPENSE 21 44 23 36 70 (8) (17) (17) (4) (12) OPERATION EXPENSE-SALES 0 **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** 550 4,650 504 [B], [C] Page 27 2,119 2,669 4 146 TOTAL OPERATION EXPENSE 32.294 32.394 -100 66,468 67,908 1,440 6,453 5,649 (804) [B], [C] Page 28 MAINTENANCE EXPENSE-PRODUCTION 3,294 2,870 (424) MAINTENANCE EXPENSE-TRANSMISSION 304 (21) 619 563 (56) 283 MAINTENANCE EXPENSE-GENERAL PLANT 21 9 29 36 7 12 TOTAL MAINTENANCE EXPENSE 3,610 3,174 (436) 7,101 6,248 (853) 6,786 5,718 (1,068) [B], [C] Page 29 DEPRECIATION & AMORTIZATION EXPENSE 2,858 (531) 3,389 (2) TAXES 0 (2) (2) (2) 7,431 7.624 193 INTEREST ON LONG-TERM DEBT 3,606 3.679 73 INTEREST CHARGED TO CONSTRUCTION-CREDIT (134) (311) (177) (64) (188) (124) OTHER INTEREST EXPENSE o 19 19 0 40 40 12 11 (1) 25 24 (1) OTHER DEDUCTIONS TOTAL COST OF ELECTRIC SERVICE 42,847 41,945 (902) 87,677 87,249 (428) 2,134 1,788 OPERATING MARGINS 88 280 (192) 346 INTEREST INCOME 5 27 (22) 11 57 (46) ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 0 0 0 (5) OTHER NON-OPERATING INCOME - NET (2) 0 2 0 5 OTHER CAPITAL CREDITS & PAT DIVIDENDS 0 0 0 n n 0 EXTRAORDINARY ITEMS 0 0 0 0 0 0 1.737 NET PATRONAGE CAPITAL OR MARGINS 93 309 (216) 2,145 408

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Variance Analysis Summary



Financial Commentary

Year-to-Date

February YTD 2012 Margins were \$3,573 unfavorable to budget.

• Electric Energy Revenues were unfavorable \$14,240 primarily due to lower rural and off-system volume and lower rates (see page 12).

- Operation Expense was favorable \$10,037 driven by lower variable costs \$9,438 primarily due to (a) lower sales volumes and (b) the MWh cost to purchase being less that the MWh cost to generate (see page 13).
- Maintenance Expense was favorable \$352 primarily due to cost cutting measures at the plants to offset the lower power market.



Variance Analysis Summary

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Financial Commentary

Year-to-Date

February YTD 2012 margins were \$1,737 favorable to 2011.

- * Revenues were favorable \$2,216 primarily due to the 9/1/2011 rate increase and a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011).
- Operation Expense was favorable \$1,440 driven by lower variable costs \$2,509, due to volume, partially offset by higher transmission reservation and higher MISO expense (see pages 13 & 26).
- Maintenance Expense was unfavorable \$853 primarily due to higher maintenance activities at the plants (see page 27).
- * Depreciation, Interest Expense, Taxes & Other combined was higher \$1,015 (see page 28).



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Member Rate Stability Mechanism <u>YTD February</u>

Your Teachetone Energy Cooperative 🏂	Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>		Actual <u>2012</u>	Budget <u>2012</u>	2012 <u>Variance</u>	Actual <u>2011</u>	2011 <u>Variance</u>
MRSM- \$/MWh		100				<u>Net Revenue - \$/MWh</u>					
Rural	(6.01)	(10.31)	4.30	(5.65)	(0.36)	Rural	42.56	43.94	(1.38)	38.23	4.33
Large Industrial	(6.01)	(10.31)	4.30	(5.65)	(0.36)	Large Industrial	36.55	37.38	(0.83)	35.57	0.98
Total	(6.01)	(10.31)	4.30	(5.65)	(0.36)	Total	40.90	42.27	(1.37)	37.57	3.33
MRSM- Thousands of \$						<u>Net Revenue - Thousand</u>	ls of \$				
Rural	(2,500)	(4,649)	2,149	(2,606)	106	Rural	17,721	19,828	(2,107)	17,632	89
Large Industrial	(962)	(1,587)	625	(865)	(97)	Large Industrial	5,827	5,756	71	5,455	372
Total	(3,462)	(6,236)	2,774	(3,471)	9	Total	23,548	25,584	(2,036)	23,087	461

Economic Reserve Balance							
Cumulative-to-Date		<u>Actual</u>	E	<u>Budget</u>	Va	ariance	
Original Deposit	\$	157,000					
Interest Earnings		2,862					
Withdrawals		(62,724)					
Ending Balance 2/29/2012	\$	97,138	\$	94,419	\$	2,719	
YTD February 2012							
Beg. Balance 1/1/2012	\$	100,601					
Interest Earnings		98					
Withdrawals		(3,561)					
Ending Balance 2/29/2012	\$	97,138	\$	94,419	\$	2,719	



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
February 29th	49,472	46,207	3,265	55,870	(6,398)

The February 29, 2012 cash balance compared to budget is favorable primarily due to the decision to "claw back" \$11,500 from RUS in January due to lower than forecast off-system sales market.

The variance to prior-year is driven by the year over year increase in fuel inventory.

Lines of Credit	
<u>As of February 29th</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(6,775)
Advances Outstanding	0
Available Lines of Credit	\$ 93,225



North Star – YTD February

		2012		201	1
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			10,482		(428)
Other Operating Revenues & Income	(857)	(672)	185	(389)	468
Smelter Avoidable Base Charge	(222)	0	222	(520)	(298)
Off-System Sales/Other				an fan 1999 - San Star Star Star Star	
Interest Income	(11)	(10)	1	(57)	(46)
Other Non-Operating Income	0	0	0	(5)	(5)
Other Capital Credits & Pat. Dividends	0	0	0	0	0
			5,849		(12,929)
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Member MWh

		T		
1,785,427	1,804,732	(19,305)	1,653,629	131,798

North Star - \$/kWh



TIER

	<u>Actual</u>	Budget	Fav/(Unfav)
Interest on Long-Term Debt	7,431	7,321	(110)
Net Margins			
TIER - YTD February			
TIER (12 months ending 2/29)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	57	659	602
Generation	6,392	6,808	416
Transmission	359	2,986	2,627
Other	9	545	536
Total	6,817	10,998	4,181

Explanation:

IT was favorable \$602 due to the timing of the OSI EMS Hardware/Software projects, as well as the Oracle Extensions project.

Generation was favorable \$416. Wilson Station was favorable \$1,613 largely due to cancelled projects and deferred projects related to the shift in the planned outage, as well as timing associated with current outage projects. Somewhat offsetting this favorability, Coleman Station was unfavorable \$1,000 primarily due to timing of the Hot Reheat Tubes and C2 Mill Gear Reducer projects. Station Two was unfavorable \$114 and Green Station was unfavorable \$83, both of which were due to timing issues.

Transmission was favorable \$2,627 primarily due to timing related to the Two-way Radio project, as well as other timing issues.

Other was favorable \$536 mainly due to the timing of the Operator Training Simulator and the timing of vehicle purchases.

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* Gross of the City's share of Station Two. Includes capitalized interest.

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Revenue YTD February

rion t	Actual <u>2012</u>	Budget 2012	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other	416,315 159,519 <u>1,209,593</u>	451,225 153,987 1,199,520	(34,910) 5,532 <u>10,073</u>	461,230 153,321 1,039,077	(44,915) 6,198 170,516
Total <u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total	48.57 42.56 47.82	54.25 47.69 51.88	(5.68) (5.13) (4.06)	43.88 41.22 42.27	4.69 1.34 5.55
Revenue - Thousands of \$ Rural Large Industrial Smelter Off-System/Other Total	20,221 6,789 57,837	24,477 7,343 62,226	(4,256) (554) (4,389)	20,238 6,320 43,921	469

Revenue Price / Volume Analysis February 2012

	Price / Volume			
Rural Large Industrial	<u>Price</u> (2,362) (818) (4,912)	<u>Volume</u> (1.894) 264 523	<u>Total</u> (4,256) (554) (4,389)	
Smelter Off-System/Other	(4,512)			



Variable Operations Cost <u>YTD February</u>

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	Actual	Budget		Actual	2011
	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	Variance
Variable Operations (VO) Cost	- <u>\$/MWh</u>				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				an a	e an an e all a constant and and
VO Cost - Thousands of \$		a second and a second secon			
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				an a	

YTD February 2012 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						



Net Sales Margin <u>YTD February</u>

Gate A	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					n Nilstania and Sama and Sama

Net Sales Margin Price / Volume Analysis











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Revenue YTD - February







Variable Operations Cost YTD - February

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MRSM - \$/MWh YTD - February



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MRSM YTD - February





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Net Revenue (Excl. MRSM) - \$/MWh YTD - February

\$50.00 \$43.94 \$45.00 \$42.56 \$40.00 \$38.23 \$37.38 \$36.55 \$35.57 \$35.00 \$30.00 \$25.00 \$20.00 \$15.00 \$10.00 \$5.00 \$0.00 Large Industrial Rural Budget E Favorable 24 Unfavorable □ Prior Year

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<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
February YTD			(1,452)

Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(582)
Station-Two O&M [higher outage expense in 2012]	(602)
Other	(268)
Non-Variable Production and Other Power Supply - Operations	(1,452)



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Operation Expense – Administrative & General

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
February YTD	4,146	4,650	504

The favorable prior-year variance is primarily due to higher IT expenses in the first two months of 2011 related to the Oracle implementation.



Maintenance Expense – Production



The unfavorable 2011 variance is primarily due to higher maintenance spending at the Wilson & Green stations.



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Depreciation & Amortization Expense

 2012	2011	Variance
<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
6,786	5,718	(1,068)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.

Monthly Financial Report – January 2012



Your Touchstone Energy' Cooperative

Financial Report January 2012 (\$ in Thousands)

Board Meeting Date: March 16, 2012



Summary of Statement of Operations January 2012

	2012			2011		
-		-	Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget	Variance	Actual	Variance	
Revenues	46,876	54,073	(7,197)	45,370	1,506	
Cost of Electric Service	44,830	49,811	4,981	45,304	474	
Operating Margins	2,046	4,262	(2,216)	66	1,980	
Interest Income/Other	6	5	1	32	(26)	
Net Margins - YTD	2,052	4,267	(2,215)	98	1,954	



Variance to Budget

Variance Fav/(UnFav) Budget Explanation Actual (7,232) [A] Pages 7, 12-14 FLECTRIC ENERGY REVENUES 46,502 53,734 INCOME FROM LEASED PROPERTY - NET 0 0 0 OTHER OPERATING REVENUE AND INCOME 374 339 35 (7,197) 54,073 TOTAL OPER REVENUES & PATRONAGE CAPITAL 46,876 OPERATION EXPENSE-PRODUCTION-EXCL FUEL 916 [A] Pages 7, 12-14, 26 3,973 4,889 6,989 [A] Pages 7, 12-14 OPERATION EXPENSE-PRODUCTION-FUEL 16,904 23,893 OPERATION EXPENSE-OTHER POWER SUPPLY 10.234 7,335 (2,899) [A] Pages 7, 12-14, 26 929 111 OPERATION EXPENSE-TRANSMISSION 818 230 21 OPERATION EXPENSE-RTO/ISO 209 78 63 CONSUMER SERVICE & INFORMATIONAL EXPENSE 15 78 82 OPERATION EXPENSE-SALES (4) 2,141 115 **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** 2,026 TOTAL OPERATION EXPENSE 34,175 39,573 5,398 MAINTENANCE EXPENSE-PRODUCTION (454) [B] Page 27 3,159 2,705 MAINTENANCE EXPENSE-TRANSMISSION 315 304 (11) MAINTENANCE EXPENSE-GENERAL PLANT 17 9 (8) 3,491 3,018 (473) TOTAL MAINTENANCE EXPENSE DEPRECIATION & AMORTIZATION EXPENSE 3,397 3,439 42 0 TAXES 0 0 (55) INTEREST ON LONG-TERM DEBT 3,824 3.769 INTEREST CHARGED TO CONSTRUCTION-CREDIT (70) (1) 69 OTHER INTEREST EXPENSE 0 0 0 OTHER DEDUCTIONS 13 13 0 4,981 TOTAL COST OF ELECTRIC SERVICE 44,830 49,811 2.046 4.262 (2,216) OPERATING MARGINS INTEREST INCOME 6 5 1 ALLOWANCE FOR FUNDS USED DURING CONST 0 0 0 OTHER NON-OPERATING INCOME - NET 0 0 0 OTHER CAPITAL CREDITS & PAT DIVIDENDS 0 0 0 EXTRAORDINARY ITEMS 0 0 0 NET PATRONAGE CAPITAL OR MARGINS 2,052 4,267 (2, 215)

Statement of Operations – January

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Statement of Operations – January Variance to Prior-Year

	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	46,502	45,224	1 278	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	40,002	40,224	0,2,0	[1] 1 0 0 0 1 1 1 1
OTHER OPERATING REVENUE AND INCOME	374	146	228	
OTHER OPERATING REVENUE AND INCOME	5/4	140	ELU	•
TOTAL OPER REVENUES & PATRONAGE CAPITAL	46,876	45,370	1,506	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,973	4,221	248	[A] Pages 7, 12-14, 26
OPERATION EXPENSE-PRODUCTION-FUEL	16,904	19,915	3,011	[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	10.234	8,468	(1,766)	[A] Pages 7, 12-14, [B] 26
OPERATION EXPENSE-TRANSMISSION	818	727	(91)	
OPERATION EXPENSE-RTO/ISO	209	170	(39)	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	15	25	10	
OPERATION EXPENSE-SALES	(4)	6	10	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,026	1,981	(45)	<u>_</u>
TOTAL OPERATION EXPENSE	34,175	35,513	1,338	
MAINTENANCE EXPENSE-PRODUCTION	3,159	2,779	(380)	[B] Page 27
MAINTENANCE EXPENSE-TRANSMISSION	315	281	(34)	ł
MAINTENANCE EXPENSE-GENERAL PLANT	17	15	(2)	1
TOTAL MAINTENANCE EXPENSE	3,491	3,075	(416))
DEPRECIATION & AMORTIZATION EXPENSE	3,397	2,860	(537) [B], [C] Page 28
TAXES	0	0	0	
INTEREST ON LONG-TERM DEBT	3,824	3,945	121	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(70)	(124)	(54))
OTHER INTEREST EXPENSE	0	21	21	
OTHER DEDUCTIONS	13	14	1	
TOTAL COST OF ELECTRIC SERVICE	44,830	45,304	474	
OPERATING MARGINS	2,046	66	1,980	
INTEREST INCOME	6	30	(24)
ALLOWANCE FOR FUNDS USED DURING CONST	õ	0	0	
OTHER NON-OPERATING INCOME - NET	0	2	(2	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	ő	õ	,- ŭ	
EXTRAORDINARY ITEMS	0	ő	0	
	ž	ž		-
NET PATRONAGE CAPITAL OR MARGINS	2,052	98	1,954	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Big Rivers



Financial Commentary

Year-to-Date

- January 2012 Margins were \$2,215 unfavorable to budget.
 - Electric Energy Revenues were unfavorable \$7,232 primarily due to lower member and off-system volume (see page 12).
 - Operation Expense was favorable \$5,398 driven by lower variable costs \$5,294 primarily due to (a) lower sales volumes and (b) the MWh cost to purchase being less that the MWh cost to generate (see page 13).
 - · Maintenance Expense was unfavorable \$473 primarily due to the timing of maintenance activities at the plants (see page 27).



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- January 2012 margins were \$1,954 favorable to January 2011.
 - * Revenues were favorable \$1,506 primarily due to a higher smelter TIER Adjustment Charge (\$2.95/MWh vs \$1.95/MWh in 2011).
 - Operation Expense was favorable \$1,338 driven by lower variable costs \$2,034, due to volume, partially offset by higher transmission reservation and higher MISO expense (see pages 13 & 26).
 - Maintenance Expense was unfavorable \$416 primarily due to higher labor and maintenance activities at the plants (see page 27).
 - Depreciation and Interest Expense combined was higher \$448 (see page 28).



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Member Rate Stability Mechanism <u>January</u>

Your Teachstone lineary Competation XI 2012 2011 Actual Budget 2011 Budget Actual Actual 2012 Actual 2012 <u>2011</u> 2012 2011 Variance 2012 Variance Variance 2012 Variance Net Revenue - \$/MWh MRSM - \$/MWh Rural 41.72 43.26 (1.54) 36.21 5.51 (1.05)(5.99)(10.39)4.40 (4.94)Rural 36.84 Large Industrial 36.44 1.84 (10.39) 4.40 (4.94) (1.05) (0.40)34.60 Large Industrial (5.99) Total (5.99) (10.39)4.40 (4.94)(1.05) Total 40.34 41.70 (1.36)35.83 4.51 Net Revenue - Thousands of \$ MRSM - Thousands of \$ 10,639 (1, 277)(1.341) (2,556) 1,215 (1, 279)(62) Rural 9.362 9.393 (31) Rural 2,906 2,924 2,762 (479) (821) 342 (395) (84) Large Industrial (18) 144 Large Industrial 13.563 (1,295) 113 (1,820) (3,377) 1,557 (1,674) (146) Total 12,268 12,155 Total

Economic Reserve Balance							
<u>Cumulative-to-Date</u> Original Deposit	<u>Actual Budget Variance</u> \$ 157,000					ariance	
Interest Earnings Withdrawals	Ŧ	2,815 (60,903)					
Ending Balance 1/31/2012	\$		\$	97,224	\$	1,688	
YTD January 2012							
Beg. Balance 1/1/2012	\$	100,601					
Interest Earnings		52					
Withdrawals		(1,741)					
Ending Balance 1/31/2012	\$	98,912	\$	97,224	\$	1,688	



Cash & Temporary Investments

	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	Fav/(Unfav)
January 31st	46,616	40,426	6,190	49,448	(2,832)

The January 31, 2012 cash balance compared to budget is favorable primarily due to the decision to "claw back" \$11,500 from RUS in January due to lower than forecast off-system sales market in the latter part of 2011.

Lines of Credit As of January 31st	
Original Amount	\$100,000
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625



<u>North Star - January</u>

]	2012			2011		
			Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget	Variance	Actual	Variance	
Total Cost of Electric Service			4,980		474	
	(374)	(338)	36	(146)	228	
Other Operating Revenues & Income Smelter Avoidable Base Charge	(126)	Ó	126	0	126	
Off-System Sales/Other						
Interest Income	(6)	(5)	1	(30)	(24)	
Other Non-Operating Income	0	0 0	0	(2)	(2)	
Other Capital Credits & Pat. Dividends	0	0	0	0	0	
			2,525		(5,626)	

Member	MWh
--------	-----

929,847	944,980	(15,133)	885,532	44,31

44,315

North Star - \$/kWh



Rivers	TIER		
	Actual	<u>Budget</u>	Fav/(Unfav)
Interest on Long-Term Debt	3,824	3,769	(55)
Net Margins	an a		
TIER - January			
TIER (12 months ending 1/31)			

Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

	<u>Actual</u>	Budget	<u>Fav/(UnFav)</u>
IT	(2)	364	366
Generation	2,042	877	(1,165)
Transmission	265	406	141
Other	9	406	397
Total	2,314	2,053	(261)

Explanation:

Generation was unfavorable \$1,165 due to timing. Wilson Station was unfavorable \$916 due to the timing of costs associated with the planned outage, which was budgeted in February and March. Station Two was unfavorable \$224 largely due to the timing of a milestone payment associated with the H2 Burner project. Coleman was unfavorable \$177 due to the timing of the C3 'B' Circulating Water Pump Column project, as well as other miscellaneous timing issues. Partially offsetting these unfavorable variances, Green Station was favorable \$152 due to the timing of the Capital Valves and Conveyor Belt projects which were budgeted in January.

IT was favorable \$366 due to the timing of the OSI Hardware/Software projects, budgeted in January. Transmission was favorable \$141 primarily due to the favorability in the Wilson 69 kV Line to Centertown project.

Other favorable primarily due to the timing of expenditures for the Operator Training Simulator.

* Gross of the City's share of Station Two. Includes capitalized interest.

Revenue <u>January</u>



Your Teachstone knows Cooperative 🖈

ATION	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other Total	224,313 79,778 625,756	245,930 79,298 619,752	(21,617) 480 6,004	259,369 79,846 546,317	(35,056) (68) 79,439
Revenue - \$/MWh Rural Large Industrial Smelter Off-System/Other Total	47.71 42.43 47.79	53.65 47.23 51.10	(5.94) (4.80) (3.31)	41.15 39.54 41.11	6.56 2.89 6.68
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total	10,703 3,385 29,905	13,195 3,745 31,667	(2,492) (360) (1,762)	10,672 3,157 22,458	31 228 7,447

Revenue Price / Volume Analysis

January 2012

	P	rice / Volume	
Rural Large Industrial	<u>Price</u> (1,332) (383) (2,069)	<u>Volume</u> (1,160) 23 307	<u>Total</u> (2,492) (360) (1,762)
Smelter Off-System/Other			



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Variable Operations Cost <u>YTD January</u>

	Actual	Budget		Actual	2011
	<u>2012</u>	<u>2012</u>	<u>Variance</u>	<u>2011</u>	Variance
Variable Operations (VO) Cost -	<u>\$/MWh</u>		n to methy and a standard with the standard state	11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	and the second
Rural					
Large Industrial					
Smelter		홍영철왕 - 영양이는 동일상 (일반) 일이는			
Off-System/Other					
Total					an a
<u> VO Cost - Thousands of \$</u>					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD January 2012 Variable Operations Expense

	Vallable Operations Expense					
	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	e Fav/(UnFav)
Reagent Fuel Purchased Power Non-FAC PPA (Non-Smelter)						



Net Sales Margin <u>YTD January</u>

and the second	Actual <u>2012</u>	Budget <u>2012</u>	Variance	Actual <u>2011</u>	2011 <u>Variance</u>
Net Sales Margin - \$/MWh			antites at the state of the methods and	11 J. W. J. S. 1 3/3 J. 11	n faan an se ster stree waarden
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

Net Sales Margin Price / Volume Analysis January 2012



MWH Sales



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Revenue - \$/MWh Sold



Unfavorable

⊔ Prior Year

Revenue





Variable Operations - \$/MWh Sold



Big Rivers

Variable Operations Cost



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Net Sales Margin - \$/MWh



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Rivers





MRSM - \$/MWh





Net Revenue (Excl. MRSM) - \$/MWh

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Net Revenue (Excl. MRSM)


Non-Variable Production and

Other Power Supply – Operations

	2012	2011			
		Variance	2011	Variance	
Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
		(288)		(541)	

Current Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(175)
Other	(113)
Non-Variable Production and Other Power Supply - Operations	(288)
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(132)
Labor	(151)
Station-Two O&M	(231)
Other	(42)
Non-Variable Production and Other Power Supply - Operations	(556)



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Maintenance Expense – Production

	2012	2011		
Actual	Budget	Variance Fav/(Unfav)	2011 <u>Actual</u>	Variance <u>Fav/(Unfav)</u>
		(454)		(380)

Unfavorable to budget due to higher maintenance expense at Green, Wilson and Coleman for the month of January. This variance will reverse in the upcoming months.

The unfavorable 2011 variance is primarily due to higher maintenance spending at the Wilson & Green stations along with year over year wage increases.



Your Tesschen an Energy Competative Matter

Depreciation & Amortization Expense

2012	2011	Variance
<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
3,397	2,860	(537)

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the depreciation study and a higher plant in service balance being depreciated.

Monthly Financial Report – December 2011



Your Touchstone Energy Cooperative

2011 Financial Report (\$ in Thousands)

Board Meeting Date: February 21, 2012



Summary of 2011 Statement of Operations

2011 2010 Fav/(UnFav) Fav/(UnFav) Actual Variance Variance Budget * Actual 527,324 17,117 34,665 561,989 544,872 Revenues 539,287 (17, 370)523,067 (33, 590)556,657 Cost of Electric Service 1,075 4,257 5,585 (253)**Operating Margins** 5,332 2,734 (2, 466)268 482 (214)Interest Income/Other (1, 391)6,067 (467)6,991 5,600 Margins

> * Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



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Statement of Operations – December Variance to Budget

fr	Cu	rrent Month		Ye	ar-to-Date		
h	Actual	Budget*	Variance Fav/(UnFav)	Actual	Budget*	Variance Fav/(UnFav)	Explanation
		F0 000	(2.070)	558.372	544,848	13 524 TA	Pages 7, 12-14
ELECTRIC ENERGY REVENUES	47,411	50,390	(2,979)	000,372	0	10,024 [7]	i ages i, iz-ia
INCOME FROM LEASED PROPERTY - NET	0	0	-	3.617	24], [C] Page 26
OTHER OPERATING REVENUE AND INCOME	380	2	378	3,017		[0	i, [o] i ago zo
TOTAL OPER REVENUES & PATRONAGE CAPITAL	47,791	50,392	(2,601)	561,989	544,872	17,117	
	4,673	5,856	1,183	50,410	64,789	14,379 [A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	19.074	18,312	(762)	226,229	206,690	(19,539) [A] Pages 7, 12-14
OPERATION EXPENSE-PRODUCTION-FUEL	9,729	7,769	(1,960)	112,262	90,833] Pages 7, 12-14, 27
OPERATION EXPENSE-OTHER POWER SUPPLY	841	1,066	225	9,183	12,297	3,114 [B], [C] Page 28
OPERATION EXPENSE-TRANSMISSION	212	239	27	2,530	2,783	253	
OPERATION EXPENSE-RTO/ISO	193	66	(127)	632	864	232	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	44	56	12	185	919	734 (B], [C] Page 30
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,855	2,108	(747)	26,557	25,728		Page 31
	37,621	35,472	(2,149)	427,988	404,903	(23,085)	
	3.895	2,708	(1,187)	42.896	47,234	4,338 [B], [C] Page 32
MAINTENANCE EXPENSE-PRODUCTION	564	2,700	(310)	4,681	3,263	(1,418) [8], [C] Page 33
MAINTENANCE EXPENSE-TRANSMISSION MAINTENANCE EXPENSE-GENERAL PLANT	564	7	0	141	103	(38)	
TOTAL MAINTENANCE EXPENSE	4,466	2,969	(1,497)	47,718	50,600	2,882	
	0.050	2.054	(198)	35,407	36.228	821 [0] Page 34
DEPRECIATION & AMORTIZATION EXPENSE	3,252	3,054 21	51	98	249	151	
TAXES	(30)	4.023	234	45.715	47,367] Page 35
INTEREST ON LONG-TERM DEBT	3,789		38	(548)	(426)	122	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(40)	(2)	30	59	229	170	
	0 17	30 11	(6)	220	137	(83)	
OTHER DEDUCTIONS						(17.070)	
TOTAL COST OF ELECTRIC SERVICE	49,075	45,578	(3,497)	556,657	539,287	(17,370)	
OPERATING MARGINS	(1,284)	4,814	(6,098)	5,332	5,585	(253)	
	6	33	(27)	150	386	(236)	
INTEREST INCOME ALLOWANCE FOR FUNDS USED DURING CONST	ŭ	0	0	0	0	0	
	0	õ	0	9	0	9	
OTHER NON-OPERATING INCOME - NET	4	0	4	109	96	13	
OTHER CAPITAL CREDITS & PAT DIVIDENDS EXTRAORDINARY ITEMS	4	0	0	0	00	0	
NET PATRONAGE CAPITAL OR MARGINS	(1,274)	4,847	(6,121)	5,600	6,067	(467)	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



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Statement of Operations – December Variance to Prior-Year

* -	(Current Month		Ň	ear-to-Date		
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
-							
ELECTRIC ENERGY REVENUES	47,411	47,175	236	558,372	514,490		Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	
OTHER OPERATING REVENUE AND INCOME	380	152	228	3,617	12,834	(9,217) [B]	, [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	47,791	47,327	464	561,989	527,324	34,665	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,673	3,921	(752)	50,410	52.507	2,097 [A]	Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	19,074	19,007	(67)	226,229	207,748		Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	9,729	8,561	(1,168)	112,262	99,421		Pages 7, 12-14, [B] 27
OPERATION EXPENSE-TRANSMISSION	841	1,045	204	9,183	8,122		[C] Page 28
OPERATION EXPENSE-TRANSMISSION	212	0	(212)	2,530	0		[C] Page 29
CONSUMER SERVICE & INFORMATIONAL EXPENSE	193	17	(176)	632	446	(186)	,(-)·-3-=-
	44	50	6	185	240	55	
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,855	2,800	(55)	26,557	26,462	(95)	
	37,621	35,401	(2,220)	427,988	394,946	(33,042)	
	0.005	a 400	(786)	42,896	42,157	(739) (0)	Page 32
MAINTENANCE EXPENSE-PRODUCTION	3,895	3,109		4,681	4,473	(208)	1 age of
MAINTENANCE EXPENSE-TRANSMISSION	564 7	243	(321)	4,001	250	109	
MAINTENANCE EXPENSE-GENERAL PLANT	/	78	71	141	250	103	
TOTAL MAINTENANCE EXPENSE	4,466	3,430	(1,036)	47,718	46,880	(838)	
DEPRECIATION & AMORTIZATION EXPENSE	3,252	2,857	(395)	35,407	34,242	(1,165) [C]	Page 34
TAXES	(30)	65	95	98	263	165	
INTEREST ON LONG-TERM DEBT	3,789	4,104	315	45,715	47,064	1,349 [C]	Page 35
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(40)	(103)	(63)	(548)	(683)	(135)	
OTHER INTEREST EXPENSE	ò	21	21	59	189	130	
OTHER DEDUCTIONS	17	68	51	220	166	(54)	
TOTAL COST OF ELECTRIC SERVICE	49,075	45,843	(3,232)	556,657	523,067	(33,590)	
OPERATING MARGINS	(1,284)	1,484	(2,768)	5,332	4,257	1,075	
	6	58	(52)	150	391	(241)	
INTEREST INCOME	0	58	(52)	0	0	(141)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	621	(621)	9	2,322		[C] Page 36
OTHER NON-OPERATING INCOME - NET	•			109	2,322	(2,313) [B	l'ol (age ao
OTHER CAPITAL CREDITS & PAT DIVIDENDS	4	0	4	109	21	0	
EXTRAORDINARY ITEMS	0	00	00	0	U	<u> </u>	
NET PATRONAGE CAPITAL OR MARGINS	(1,274)	2,163	(3,437)	5,600	6,991	(1,391)	
	(1)=- 0						

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Big Rivers



Financial Commentary

- Margins were \$467 unfavorable to budget.
 - Electric Energy Revenues were favorable \$13,524 primarily due to higher off-system volume (see page 12).
 - Other Revenue was favorable \$3,593 due to the power supply transmission reservation (see page 26).
 - Operation Expense was unfavorable \$23,085 driven by higher variable costs \$25,287 primarily due to the higher off-system sales volumes and power supply unfavorable transmission reservation, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operations expense at the plants and transmission (see pages 13, 27-31).
 - Maintenance Expense was favorable \$2,882 primarily due to the cancellation of the Green 2 outage and reduction in scope of the Wilson and Green 1 outages (see pages 32 & 33).
 - Depreciation, Taxes, Interest Expense & Other was favorable \$2,833 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note (see pages 11, 34-35).



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Variance Analysis Summary



Financial Commentary

- Margins were \$1,391 unfavorable to 2010.
 - Electric Energy Revenues were favorable \$43,882 primarily due to higher off-system volumes (see page 12).
 - · Other Revenue was unfavorable \$9,217 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense -
 - Other Power Supply (see page 26).
 - Operation Expense was unfavorable \$33,042 driven by higher variable costs \$38,853 and higher MISO expenses, partially offset by lower transmission reservation (see pages 13, 27-29).
 - * Maintenance Expense was unfavorable \$838 primarily due to higher labor expense (see pages 32).
 - * Depreciation and Interest Expense combined was lower \$290 (see pages 34-35).
 - Interest Income, Other Non-Operating Income and Pat. Dividends combined were unfavorable \$2,466 primarily due to the write-off of the M&S inventory
 obsolescence reserve and settlement with Alstom related to the Station-Two SCR in 2010 (see page 36).



Member Rate Stability Mechanism

Your Touchorene Energy' Cooperative 🎢 -	Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>	·····	Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MRSM - \$/MWh</u> Rural Large Industrial Total	(6.22) (6.22) (6.22)	(7.20) (7.20) (7.20)	0.98	(8.08) (8.08) (8.08)	1.86 1.86 1.86	<u>Net Revenue - \$/MWh</u> Rural Large Industrial Total	40.56 35.46 39.07	40.05 36.13 39.00	0.51 (0.67) 0.07	37.07 33.81 36.18	3.49 1.65 2.89
<u>MRSM - Thousands of \$</u> Rural Large Industrial Total	(14,751) (6,054) (20,805)	(18,076) (6,683) (24,759)	629	(20,044) (7,513) (27,557)		<u>Net Revenue - Thousand</u> Rural Large Industrial Total	<u>is of \$</u> 96,160 34,506 130,666	100,535 33,519 134,054	(4,375) 987 (3,388)	91,989 31,455 123,444	4,171 3,051 7,222

Econom	nic R	eserve Balar	nce			
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings Withdrawals	\$	<u>Actual</u> 157,000 2,763 (59,162)	Ē	<u>Budget</u>	<u>Va</u>	iriance
Ending Balance 12/31/2011	\$	100,601	\$	98,331	\$	2,270
<u>YTD December 2011</u> Beg. Balance 1/1/2011 Interest Earnings Withdrawals	\$	121,220 899 (21,518)				
Ending Balance 12/31/2011	\$	100,601	\$	98,331	\$	2,270



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
December 31st	44,850	31,916	12,934	44,755	95

The December 31, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures of \$14,649 and a reduction in fuel inventory of \$13,231. As a result, the budgeted line of credit borrowing has not occurred.

Lines of Credit <u>As of December 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625



North Star

Г	<u>, , , , , , , , , , , , , , , , , , , </u>	2011		201	0
F			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget*	Variance	Actual	Variance
Total Cost of Electric Service			1,690		(33,588)
Other Operating Revenues & Income	(3,617)	(19,084)	(15,467)	(12,834)	(9,217)
Smelter Avoidable Base Charge	(2,933)	0	2,933	(5,000)	(2,067)
Off-System Sales/Other					
Interest Income	(151)	(386)	(235)	(391)	(240)
Other Non-Operating Income	(9)	0	9	(2,322)	(2,313)
Other Capital Credits & Pat. Dividends	(109)	(96)	13	(21)	88
	ene de Marie (el contra de la c Actual de la contra d		32,463		(29,141)

> (530,962) 9,759,988 439,031 10,729,981 10,199,019

Member MWh

North Star - \$/kWh

*Reflects power supply transmission reservation in cost of electric service.

Big Rivers Hor Techton King Conference Atto	TIER		
	Actual	Budget	Fav/(Unfav)
Interest on Long-Term Debt	45,715	47,367	1,652
Margins			
TIER			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

	Actual	<u>Budget</u>	<u>Fav/(UnFav)</u>
IT	951	994	43
Generation	29,116	36,911	7,795
Transmission	7,781	14,550	6,769
Other	1,798	2,776	978
Total	39,646	55,231	15,585

Explanation:

Generation favorable primarily due to cancellation of projects or scope reductions. Green Station was favorable \$3,514 due to the cancellation of the Weld Overlay, as well as favorability of the CT deck, Precipitator Refurbishment and Air Heater Basket projects. Station Two was favorable \$2,773 due to reducing the scope of the HMPL1 outage and items removed from the HMPL budget. The Wilson facility was favorable \$296 due to the cancellation of the FGD life extension phase 3 and overhead hoist projects. Coleman Station was favorable \$1,212 primarily due to the cancellation of the Control Room and ILS control projects.

Transmission was favorable \$6,769 primarily due to favorability in the Wilson Line 19F Terminal, Two-Way Radio Replacement and Paradise Terminal Upgrade.

Other favorability of \$978 was primarily due to the cancellation of the PCI Software and Fuels Software projects.

* Gross of the City's share of Station Two. Includes capitalized interest.

Big Rivers	Revenue _{Actual} 20 <u>11</u>	Budget 2011	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other Total	2,371,106 973,092 6,854,819	2,510,133 927,740 7,292,108	(139,027) 45,352 (437,289)	2,481,391 930,168 6,348,431	(110,285) 42,924 506,388
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total	46.78 41.68 44.48	47.25 43.33 44.92	(0.47) (1.65) (0.44)	45.15 41.89 44.05	1.63 (0.21) 0.43
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total	110,911 40,560 304,880	118,611 40,202 327,534	(7,700) 358 (22,654)	112,033 38,968 279,665	(1,122) 1,592 25,215

Revenue Price / Volume Analysis

0

	Pric	e / Vol	ume	
	Price	v	Volume	<u>Total</u>
m1	(1,1	30)	(6,570)	(7,700)
Rural			1.965	358
Large Industrial		507)		(22,654)
Smelter	(3,0)13)	(19,641)	(22,034)
Off-System/Other				



Variable Operations Cost

Your Texcherence Energy (), and	atalite an	Actual 2011	Budget 2011	Variance	Actual 2010	2010 Variance
	Variable Operations (VO) Cost	APPENDIX CONTRACTOR	ZUTT			
	Rural Large Industrial Smelter Off-System/Other Total					
	VO Cost - Thousands of \$ Rural Large Industrial Smelter Off-System/Other Total					

Variable Operations Expense

		Valiable ep		Price Variance	Volume Varian	ce
	Actual	Budget	Fav/(UnFav)	Fav/(UnFav)	Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel Purchased Power Non-FAC PPA (Non-Smelter)						



Net Sales Margin

Tour Toucherone faceres' Comperance Stra	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
<u>Net Sales Margin - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total					
<u>Net Sales Margin - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total					

Net Sales Margin Price / Volume Analysis

 Price / Volume

 Price
 Volume
 Total

 Rural
 Large Industrial
 Smelter
 0ff-System/Other

0



MWH Sales

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Revenue







Variable Operations Cost











MRSM - \$/MWh

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MRSM

Net Revenue (Excl. MRSM) - \$/MWh

Big Rivers

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Net Revenue (Excl. MRSM)

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Your Touchstone burger Comparation 1 -

Other Operating Revenue and Income

	2011			2010
Actual	Budget	Variance Fav/(Unfav)	2010 Actual	Variance Fav/(Unfav)
3,617	24	3,593	12,834	(9,217)

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget). This is offset in Other Power Supply Expense.

Unfavorable to prior year due to a lower power supply transmission reservation.



Non-Variable Production and

Other Power Supply – Operations

2011	2	2010
Variance	2010	Variance
<u>Actual</u> <u>Budget</u> <u>Fav/(Unfav</u>	/) <u>Actual</u>	<u>Fav/(Unfav)</u>
(1,302)		9,628
Current Year Variances		Fav/(UnFav)
Power Supply transmission reservation		(5,577)
HMPL1 Outage scope reduction		1,436
Plant operations expense reductions (Coleman \$756,	1,815	
Station-Two O&M reductions	1,113	
Other		(89)
Non-Variable Production and Other Power	Supply - Operations	(1,302)
Prior-Year Variances		Fav/(UnFav)
Power Supply transmission reservation		9,908
Station-Two O&M/other		(280)
Non-Variable Production and Other Power	9,628	



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Operation Expense – Transmission

	2011			2010
Actual	Budget	Variance Fav/(Unfav)	2010 <u>Actual</u>	Variance <u>Fav/(Unfav)</u>
9,183	12,297	3,114	8,122	(1,061)

Favorable to budget primarily due to 1) lower than anticipated MISO administrative expenses \$380, and 2) favorable labor expense as more is being charged to maintenance accounts than operations \$1,723 (see slide 33), and 3) various stations and lines fixed departmental expenses \$1,011.

Unfavorable to prior year due to MISO administrative expenses.



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Operation Expense – RTO/ISO

	2011			2010
		Variance	2010	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
2,530	2,783	253	0	(2,530)

Favorable to budget primarily due to lower than anticipated MISO administrative expenses.

Unfavorable to prior year due to MISO administrative expenses.



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Operation Expense – Sales

	2011	
		Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
185	919	734

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.



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Operation Expense – Administrative & General

	2011	
		Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
26,557	25,728	(829)

Unfavorable to budget primarily due to expenses related to the rate case.



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Maintenance Expense – Production

2011			2010	
		Variance	2010	Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
		4,338		(739)

Favorable to budget due to various maintenance projects that were reduced in scope or cancelled. These projects include mill overhauls, site maintenance, bar screen repairs and heavy equipment maintenance. The cancellation of the Green 2 outage and reduction in scope of the Green 1 and Wilson outages also contributed to the favorable variance.

The unfavorable 2010 variance is primarily due to higher labor dollars at the plants (wage increases, overtime).


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Maintenance Expense – Transmission

	2011	
		Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
4,681	3,263	(1,418)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (the favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).



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Depreciation & Amortization Expense

2011			2010		
		Variance	2010	Variance	
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
35,407	36,228	821	34,242	(1,165)	

Favorable to budget due to lower capital spending.

Unfavorable to prior-year due to the higher capital balance being depreciated.



Interest on Long-Term Debt

	2011			2010
		Variance	2010	Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	Fav/(Unfav)
45,715	47,367	1,652	47,064	1,349

Interest on long-term debt is lower than budget and prior-year due to the payment of the Transition Reserve on the RUS Series A Note.



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Other Non-Operating Income - Net

	2010	
	2010	Variance
<u>Actual</u>	Actual	<u>Fav/(Unfav)</u>
9	2,322	(2,313)

Other Non-Operating Income was unfavorable \$2,313 to prior-year due to the write-off of the M&S inventory obsolescence reserve and settlement with Alstom related to the Station-Two SCR in 2010.

Monthly Financial Report – November 2011



Your Touchstone Energy Cooperative

Financial Report November 2011 (\$ in Thousands)

Board Meeting Date: January 20, 2012



Summary of Operations YTD November

	2011	20	010	
		Fav/(UnFav)		Fav/(UnFav)
Actual	Budget *	Variance	Actual	Variance
514,198	494,480	19,718	479,998	34,200
507,582	493,709	(13,873)	477,225	(30,357)
6,616	771	5,845	2,773	3,843
258	450	(192)	2,055	(1,797)
6,874	1,221	5,653	4,828	2,046

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).

Revenues

Cost of Electric Service

Operating Margins

Interest Income/Other

Net Margins - YTD



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Statement of Operations – November

Variance to Budget

Year-to-Date

			Variance			Variance	
_	Actual	Budget*	Fav/(UnFav)	Actual	Budget*	Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	43,974	44,535	(561)	510,961	494,458	16,503	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	
OTHER OPERATING REVENUE AND INCOME	255	2	253	3,237	22	3,215	[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	44,229	44,537	(308)	514,198	494,480	19,718	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4.203	5,611	1,408	45,737	58,933	13,196	[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	16,393	15,859	(534)	207,155	188,378		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	10,390	7.647	(2,743)	102,533	83,065		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-TRANSMISSION	704	974	270	8.342	11,231	2,889	[B], [C] Page 28
OPERATION EXPENSE-RTO/ISO	262	176	(86)	2.318	2,544		[B] Page 29
CONSUMER SERVICE & INFORMATIONAL EXPENSE	67	67	o	438	798	360	[B] Page 30
OPERATION EXPENSE-SALES	11	52	41	141	862	721	[B], [C] Page 31
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,832	1,954	122	23,703	23,621	(82)	
TOTAL OPERATION EXPENSE	33,862	32,340	(1,522)	390,367	369,432	(20,935)	
MAINTENANCE EXPENSE-PRODUCTION	5,780	7,558	1,778	39,002	44,526	5,524	[B], [C] Page 32
MAINTENANCE EXPENSE-TRANSMISSION	333	234	(99)	4,117	3,009	(1,108)	[B], [C] Page 33
MAINTENANCE EXPENSE-GENERAL PLANT	16		(8)	134	96	(38)	
TOTAL MAINTENANCE EXPENSE	6,129	7,800	1,671	43,253	47,631	4,378	
DEPRECIATION & AMORTIZATION EXPENSE	3,282	3,053	(229)	32,155	33,174		[C] Page 34
TAXES	0	21	21	128	228	100	
INTEREST ON LONG-TERM DEBT	3,680	3,893	213	41,926	43,344	1,418	[C] Page 35
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(32)	(1)	31	(508)	(424)	84	
OTHER INTEREST EXPENSE	0	29	29	59	199	140	
OTHER DEDUCTIONS	30	11	(19)	202	125	(77)	
TOTAL COST OF ELECTRIC SERVICE	46,951	47,146	195	507,582	493,709	(13,873)	
OPERATING MARGINS	(2,722)	(2,609)	(113)	6,616	771	5,845	
INTEREST INCOME	6	32	(26)	144	353	(209)	
ALLOWANCE FOR FUNDS USED DURING CONST	õ	õ	0	0	0	(,	
OTHER NON-OPERATING INCOME - NET	ō	ō	ō	9	ō	9	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	Ō	ō	Ō	105	97	8	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	(2,716)	(2,577)	(139)	6.874	1.221	5,653	
	(2,710)	(2,0///	(100)	0,014	1,88	0,000	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



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Statement of Operations – November

Variance to Prior-Year

`							
	Current Month		Year-to-Date				
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES INCOME FROM LEASED PROPERTY - NET	43,974 0	40,705 0	3,269	510,961 0	467,316 0	43,645 0	[A] Pages 7, 12-14
OTHER OPERATING REVENUE AND INCOME	255	1,168	(913)	3,237	12,682		[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	44,229	41,873	2,356	514,198	479,998	34,200	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,203	4,168	(35)	45,737	48,586		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	16,393	15,953	(440)	207,155	188,741		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	10,390	9,104	(1,286)	102,533	90,860		[A] Pages 7, 12-14, [B] 27
OPERATION EXPENSE-TRANSMISSION	704	651	(53)	8,342	7,077		[B], [C] Page 28
OPERATION EXPENSE-RTO/ISO	262	0	(262)	2,318	0		[B],[C] Page 29
CONSUMER SERVICE & INFORMATIONAL EXPENSE	67	18	(49)	438	429	(9)	
OPERATION EXPENSE-SALES	11	25	14	141	189	48	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,832	2,250	418	23,703	23,662	(41)	
TOTAL OPERATION EXPENSE	33,862	32,169	(1,693)	390,367	359,544	(30,823)	
MAINTENANCE EXPENSE-PRODUCTION	5,780	4,268	(1,512)	39,002	39,048	46	
MAINTENANCE EXPENSE-TRANSMISSION	333	276	(57)	4,117	4,231	114	
MAINTENANCE EXPENSE-GENERAL PLANT	16	12	(4)	134	172	38	
TOTAL MAINTENANCE EXPENSE	6,129	4,556	(1,573)	43,253	43,451	198	
DEPRECIATION & AMORTIZATION EXPENSE	3,282	2,900	(382)	32,155	31,385	(770)	[C] Page 34
TAXES	0	0	0	128	198	70	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
INTEREST ON LONG-TERM DEBT	3,680	3,823	143	41,926	42,961	1,035	[C] Page 35
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(32)	(89)	(57)	(508)	(581)	(73)	
OTHER INTEREST EXPENSE	0	21	21	59	168	109	
OTHER DEDUCTIONS	30	12	(18)	202	99	(103)	
TOTAL COST OF ELECTRIC SERVICE	46,951	43,392	(3,559)	507,582	477,225	(30,357)	
OPERATING MARGINS	(2,722)	(1,519)	(1,203)	6,616	2,773	3,843	
INTEREST INCOME	6	31	(25)	144	334	(190)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	O	0	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	2	(2)	9	1,701	(1,692)	[B],[C] Page 36
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	105	20	85	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	(2,716)	(1,486)	(1,230)	6,874	4,828	2,046	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



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Variance Analysis Summary

Net Patronage Capital or Margins November YTD vs Budget 24,000 22,000 19,718 20,000 18,000 16.000 14,000 g 12,000 ♀ 10,000 8,000 2,684 6.874 6.000 (192)4,378 4,000 1,221 2,000 0 (20,935) -2,000 Depr. Int. Exp., Int. Income. Actual Budget Revenues Operation Maintenance Expense Expense Taxes, Other Other Non-Operating Income, Pat, Dividends Favorable Unfavorable

Financial Commentary

Year-to-Date

- YTD November 2011 Margins were \$5,653 favorable to budget.
 - · Electric Energy Revenues were favorable \$16,503 primarily due to higher off-system volume (see page 12).
 - Other Revenue was favorable \$3,215 due to the power supply transmission reservation (see page 26).
 - Operation Expense was unfavorable \$20,935 driven by higher variable costs \$25,332 primarily due to the higher off-system sales volumes, partially
 offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pages 13, 27-31).
 - Maintenance Expense was favorable \$4,378 primarily due to the cancellation of the Green 2 outage and reduction in scope of the Wilson and Green 1 outages (see pages 32 & 33).
 - Depreciation, Taxes, Interest Expense & Other was favorable \$2,684 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note (see pages 11, 35).



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Variance Analysis Summary

Net Patronage Capital or Margins November YTD vs. Prior Year 34,200 40,000 37,500 35,000 32,500 30,000 27,500 25.000 22,500 \$000\$ 20,000 17,500 15,000 12,500 10.000 268 198 6.874 7,500 (30,823) 4,828 (1.797)5,000 2,500 0 2010 Revenues Operation Maintenance Depr. Int. Exp., Int. Income, Actual Expense Expense Taxes, Other Other Non-Operating Income, Pat. Dividends Favorable Unfavorable

Financial Commentary

Year-to-Date

- YTD 2011 margins were \$2,046 favorable to YTD 2010.
 - · Electric Energy Revenues were favorable \$43,645 primarily due to higher off-system volumes (see page 12).
 - * Other Revenue was unfavorable \$9,445 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense -
 - Other Power Supply (see page 26).
 - Operation Expense was unfavorable \$30,823 driven by higher variable costs \$37,749 and higher MISO expenses, partially offset by lower transmission reservation (see pages 13, 27-29).
 - * Maintenance Expense was favorable \$198.
 - * Depreciation and Interest Expense combined was lower \$268.
 - Interest Income, Other Non-Operating Income and Pat. Dividends combined were unfavorable \$1,797 primarily due to the write-off of the M&S inventory obsolescence reserve in 2010 (see page 36).



Member Rate Stability Mechanism <u>YTD November</u>

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<u>MRSM - \$/MWh</u> Rural Large Industrial Total	Actual Budget 2011 Actual 2011 2011 Variance 2010 (6.67) (7.15) 0.48 (8.13) (6.67) (7.15) 0.48 (8.14) (6.67) (7.15) 0.48 (8.14) (6.67) (7.15) 0.48 (8.14)	<u>Variance</u> 3) 1.51 3) 1.51	<u>Net Revenue - \$/MWh</u> Rural Large Industrial Total	Actual <u>2011</u> 40.17 34.90 38.63	Budget 2011 <u>2011 Variance</u> 39.79 0.38 35.81 (0.91 38.70 (0.07	3 37.02 3.15 1) 33.70 1.20
<u>MRSM - Thousands of \$</u> Rural Large Industrial Total	(14,383) (16,147) 1,764 (18,14 (5,979) (6,097) 118 (6,95 (20,362) (22,244) 1,882 (25,10	9) 980	<u>Net Revenue - Thous:</u> Rural Large Industrial Total	<u>ands of \$</u> 86,721 31,293 118,014	89,867 (3,140 30,564 729 120,431 (2,41	28,683 2,610
	E	<u>conomic F</u>	Reserve Balance			
	<u>Cumulative-to-Date</u> Original Deposit Interest Earnings Withdrawals Ending Balance 11/30/2	\$ 011 \$	 157,000 2,706 (57,958)	<u>3udget</u> 100,762	<u>Variance</u> \$ 986	
	<u>YTD November 2011</u> Beg. Balance 1/1/2011 Interest Earnings Withdrawals Ending Balance 11/30/2	\$ 011 \$	121,220 840 <u>(20,312)</u> 101,748 \$	100,762	\$ 986	



Cash & Temporary Investments

	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
November 30 th	55,165	34,433	20,732	56,704	(1,539)

The November 30th, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures of \$21,127 and a reduction in fuel inventory of \$13,231. As a result, the budgeted line of credit borrowing has not occurred.

Lines of Credit	
As of November 30th	
	\$100,000
Original Amount	1
Letters of Credit Outstanding	(6,375)
Advances Outstanding	0
Available Lines of Credit	\$ 93,625



North Star – YTD November

		2011		2010	00
		2011	Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget*	Variance	Actual	Variance
Total Cost of Electric Service Other Operating Revenues & Income	All		3,599		(30,356)
	(3,237)	(17,494)	(14,257)	(12,682)	(9,445)
	(2,792)	0	2,792	(4,812)	(2,020)
Smelter Avoidable Base Charge	(2,152)				
Off-System Sales/Other	(144)	(353)	(209)	(334)	(190)
Interest Income	(9)	0	9	(1,701)	(1,692)
Other Non-Operating Income	(105)	(96)	9	(20)	85
Other Capital Credits & Pat. Dividends	(100)		34,519		(22,491)
		전 1979년 1월 1989년 1월 1989년 1월 1989년 1월 1989년 1월 1989년 1월 1999년 1월 1999년 1월 1999년 1월 1999년 1월 1999년 1월 1999년 1월 1 1999년 1월 1999년 1월 1999년 1월 1999년 1월 1999년 1월 19			
Member M/M/b	9,286,068	9,784,930	(498,862)	8,874,408	411,660

Member MWh

North Star - \$/kWh

*Reflects power supply transmission reservation in cost of electric service.



Big Rivers	TIER		
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
Interest on Long Term Debt	41,926	43,344	1,418
Net Margins			
TIER (11 months ending 11/30)			
TIER (12 months ending 11/30)			

Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

Total	32,745	54,997	22,252
Other	1,070	2,112	1,102
Tananasion	4 070	2,772	1,702
Transmission	5,973	14,358	8,385
Generation	25,000	36,911	11,911
IT	702	956	254
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(UnFav)</u>

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Green Station was favorable \$5,026 due to the cancellation of the Weld Overlay, as well as favorability of the CT deck and Precipitator Refurbishment and due to the timing of other projects. Station Two was favorable \$3,364 due to reducing the scope of the HMPL1 outage and the timing of various projects. The Wilson facility was favorable \$1,867 due to the delay of the Secondary Air-Heater milestone payment, as well as timing of other projects. Coleman Station was favorable \$1,732 primarily due to the cancellation of the Control Room and ILS control projects.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Paradise Terminal Upgrade.

Other favorable primarily due to the delay in purchasing the PCI Software, Vehicles, as well as in the Training Facility Remodeling and Fuels Software projects.

* Gross of the City's share of Station Two. Includes capitalized interest.

Big Rivers		Revenue <u>YTD Nover</u>				
Null Techstone Elergy Cooperative ST		Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other Total		2,158,327 896,508 6,231,233	2,258,552 853,282 6,673,096	(100,225) 43,226 (441,863)	2,219,477 851,037 5,803,894	(61,150) 45,471 427,339
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total		46.84 41.57 44.29	46.94 42.96 44.62	(0.10) (1.39) (0.33)	45.20 41.88 44.08	1.64 (0.31) 0.21
<u>Revenue - Thousands</u> Rural Large Industrial Smelter Off-System/Other Total	<u>of \$</u>	101,104 37,272 275,951	106,014 36,661 297,725	(4,910) 611 (21,774)	100,330 35,642 255,837	774 1,630 20,114
Total	Rural Large Industrial Smelter Off-System/Other	Price / Volu Price / Volu Price / Volu (205) (1,246) (2,060)	er 2011	<u>Total</u> (4,910) 611 (21,774)		

Variable Operations Cost YTD November



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arthy X, coupled BXI - Same	Actu <u>201</u>	-	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) C	<u>ost - \$/MWh</u>		and a second state of the state of the second state of the		
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
<u>VO Cost - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total		TD November 2011 ole Operations Expens	56		
		dget Fav/(UnFav)	Price Variance Fav/(UnFav)	e Volume Vari Fav/(UnFa	
ent	<u>Actual Bu</u>				
nased Power FAC PPA (Non-Smelter)					

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Net Sales Margin YTD November

	Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
Net Sales Margin - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total		essenter de la companya de la compa Na companya de la comp			
<u>Net Sales Margin - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total					
		Sales Margin			
		olume Analysis			
		lovember 2011			
	P	rice / Volume			

		(oranize	
	Price	Volume	Total
Rural			
Large Industrial	영화 경험 지수는 것이다.		
Smelter			방송 같은 것 같은
Off-System/Other			

MWH Sales YTD - November



Big Rivers

Your Londerton Energy Cooperation Mat

Revenue - \$/MWh Sold YTD - November





Revenue YTD – Novembe**r**

Rivers

Big



Variable Operations - \$/MWh Sold YTD - November

Big Rivers



Variable Operations Cost YTD – November

You Taking have Cooperate ST

Big Rivers





■ Unfavorable ⊔ Prior Year



You have been known to superan At

Net Sales Margin YTD - November





MRSM - \$/MWh YTD - November







MRSM YTD - November





Net Revenue (Excl. MRSM) - \$/MWh YTD - November



24

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Bigl



Net Revenue (Excl. MRSM) YTD - November

You fundation burry Competation AT





Your Tensingon Lines & requerties XT

Other Operating Revenue and Income

and the second					
Г		2011			2010
	Actual		Variance Fav/(Unfav)	2010 <u>Actual</u>	Variance Fav/(Unfav)
ember YTD	3,237	22	3,215	12,682	(9,445)

November YTD

٠

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



Your Teach-tome Energy Comparative XAT

<u>Non-Variable Production and</u> Other Power Supply – Operations

2010 2011 Variance 2010 Variance Fav/(Unfav) Budget Fav/(Unfav) Actual Actual 10,511 283 November YTD Fav/(UnFav) **Current Year Variances** (5,104) Power Supply transmission reservation 1.436 HMPL 1 Outage scope reduction Plant operations expense reductions (Coleman \$771, Green \$1,157 & Wilson \$853) 2,781 1,256 Station-Two O&M reductions (86) Other 283 Non-Variable Production and Other Power Supply - Operations Fav/(UnFav) Prior-Year Variances 9,322 Power Supply transmission reservation 1,189 Station-Two O&M/other 10.511 Non-Variable Production and Other Power Supply - Operations



Your Lendson, Friday, Coopersive 35

Operation Expense – Transmission

		2011			2010
		2011	Variance	2010	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
YTD	8,342	11,231	2,889	7,077	(1,265)

November YTD

Favorable to budget primarily due to 1) lower than anticipated MISO administrative expenses \$348, and 2) favorable labor expense as more is being charged to maintenance accounts than operations \$1,596 (see slide 33), and 3) various stations and lines fixed departmental expenses \$945.

Unfavorable to prior year due to MISO administrative expenses.



Your Londowing Finergy Cooperative ***

Operation Expense – RTO/ISO

	2011			2010
Actual	Budget	Variance <u>Fav/(Unfav)</u>	2010 <u>Actual</u>	Variance <u>Fav/(Unfav)</u>
2,318	2,544	226	0	(2,318)

NovemberYTD

Favorable to budget primarily due to lower than anticipated MISO administrative expenses.

Unfavorable to prior year due to MISO administrative expenses.



Your Treasman Engen Casparance MT

Consumer Service & Informational Expense

]		2011	
			Variance
	Actual	Budget	<u>Fav/(Unfav)</u>
November YTD	438	798	360

Favorable due to to FDE reductions in the Employment & Benefits, Safety, Community Relations and Marketing areas.



<u> Operation Expense – Sales</u>

I		2011	
			Variance
	Actual	Budget	<u>Fav/(Unfav)</u>
	141	862	721
November YTD			

Favorable to budget due to delay in the start of the energy efficiency/demand side management programs.


Your Londiston lineras Cooperate Mat

Maintenance Expense – Production

		2011	
			Variance
	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>
November YTD			5,524

Favorable to budget due to various maintenance projects that have been reduced in scope or cancelled. These projects include mill overhauls, site maintenance, bar screen repairs and heavy equipment maintenance. The cancellation of the Green 2 outage and reduction in scope of the Green 1 and Wilson outages all contributed to the favorable variance.



You Touchstom know Cooperative Set

Maintenance Expense – Transmission

		2011	
	and an		Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
November YTD	4,117	3,009	(1,108)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (The favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).



Your Londston Sugar Cooperator X

Depreciation & Amortization Expense

	2011			2010
Actual	Budget	Variance Fav/(Unfav)	2010 Actual	Variance Fav/(Unfav)
<u>Actual</u> 32,155	<u>33,174</u>	1,019	31,385	(770)

November YTD

Favorable to budget due to lower capital spending.

Unfavorable to prior-year due to the higher capital balance being depreciated.



Your Tombrone Entries Cooperative MI

November

Interest on Long-Term Debt

	[2011		······································	2010
			Variance Fav/(Unfav)	2010 Actual	Variance Fav/(Unfav)
	<u>Actual</u>	Budget	<u>rav/(uniav)</u>	Actual	
YTD	41,926	43,344	1,418	42,961	1,035

Interest on long-term debt is lower than budget and prior-year due to the payment of the Transition Reserve on the RUS Series A Note.



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Other Non-Operating Income - Net

ן		2010	
		2010	Variance
	Actual	Actual	<u>Fav/(Unfav)</u>
ovember YTD	9	1,701	(1,692)

Other Non-Operating Income was unfavorable \$1,692 due to the write-off of the M&S inventory obsolescence reserve in 2010.

Monthly Financial Report – October 2011



Your Touchstone Energy' Cooperative 🔊

Financial Report October 2011 (\$ in Thousands)

Board Meeting Date: December 16, 2011



Summary of Operations **YTD** October

		2011	20	010	
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget *	Variance	Actual	Variance
enues	469,969	449,943	20,026	438,125	31,844
of Electric Service	460,631	446,563	(14,068)	433,833	(26,798)
rating Margins	9,338	3,380	5,958	4,292	5,046
est Income/Other	252	417	(165)	2,022	(1,770)
Margins - YTD	9,590	3,797	5,793	6,314	3,276

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).

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Cost

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Your loadistone Energy' Cooperative XT -

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Statement of Operations – October

Variance to Budget

Year-to-Date

	Actual	Budget*	Variance Fav/(UnFav)	Actual	Budget*	Variance Fav/(UnFav)	
ELECTRIC ENERGY REVENUES					Budget	·	Explanation
INCOME FROM LEASED PROPERTY - NET	44,667	42,198	2,469	466,987	449,923	17.004	
OTHER OPERATING REVENUE AND INCOME	0	0	0	0	449,923	17,064	[A] Pages 7, 12-14
OTHER OF ERATING REVENUE AND INCOME	813	3	810	2,982		0	
TOTAL OPER DEVENUES & BUTTON				2,302	20	2,962	[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	45,480	42,201	3,279	469,969	449,943	20,026	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4.524			5			
OPERATION EXPENSE-PRODUCTION-FUEL	4,534	4,821	287	41,535	53,322	11 797	
OPERATION EXPENSE-OTHER POWER SUPPLY	17,655	13,915	(3,740)	190,762	172,519	(10,707	A] Pages 7, 12-14, 27
OPERATION EXPENSE-TRANSMISSION	8,964	8,760	(204)	92,143	75,418	(18,243)	A] Pages 7, 12-14
OPERATION EXPENSE-TRANSMISSION	718	896	178	7.638			A] Pages 7, 12-14, 27
OPERATION EXPENSE-RTO/ISO	223	76	(147)		10,257		B], [C] Page 28
CONSUMER SERVICE & INFORMATIONAL EXPENSE	27	74	47	2,056	2,368	312 [B] Page 29
OPERATION EXPENSE-SALES	2	68		372	731		B] Page 30
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1.891		66	131	810		B], [C] Page 31
	1,091	2,206	315	21,871	21,666	(205)	oj, (oj Page 31
TOTAL OPERATION EXPENSE	34,014	30,816	(3,198)	356,508	337,091	(19,417)	
MAINTENANCE EXPENSE-PRODUCTION	4,040	5 017					
MAINTENANCE EXPENSE-TRANSMISSION	436	5,217	1,177	33,221	36,968	3 747 1	3], [C] Page 32
MAINTENANCE EXPENSE-GENERAL PLANT		242	(194)	3,783	2,776	(1 007) [3], [C] Page 33
-	24	8	(16)	118	88	(30)	oj, (oj Fage 35
TOTAL MAINTENANCE EXPENSE	4,500	5,467	967	37,122	39,832	2.710	
DEPRECIATION & AMORTIZATION EXPENSE	2,499					-1	
TAXES.		3,052	553	28,873	30,120	1 247 1	DI Bass 04
INTEREST ON LONG-TERM DEBT	0	21	21	128	208	1,247 [0	C] Page 34
INTEREST CHARGED TO CONSTRUCTION-CREDIT	3,796	4,023	227	38,246	39,451		
OTHER INTEREST EXPENSE	(26)	(33)	(7)	(476)			2] Page 35
OTHER INTEREST EXPENSE	0	30	30		(423)	53	
OTHER DEDUCTIONS	12	12	0	59	170	111	
		12	U	171	114	(57)	
TOTAL COST OF ELECTRIC SERVICE	44,795	43,388	(1,407)	460,631	446,563	(14,068)	
OPERATING MARGINS	685	(1,187)	1,872	9,338	3,380	5,958	
INTEREST INCOME							
	7	33	(26)	100			
ALLOWANCE FOR FUNDS USED DURING CONST	0	0		138	321	(183)	
OTHER NON-OPERATING INCOME - NET	ő	0	0	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	ő	-	0	9	0	9	
EXTRAORDINARY ITEMS		0	0	105	96	9	
	0	0	0	a	õ	0	
					0	0	
NET PATRONAGE CAPITAL OR MARGINS	692	(1,154)	1,846	9,590	3,797	5,793	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



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Your Townstone Friends Cooperative Kt

Statement of Operations - October

Variance to Prior-Year

	c	Current Month			Year-to-Date		
_	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
	44,667 0	39,943	4,724 0	466,987 0	426,611	40,376 0	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET OTHER OPERATING REVENUE AND INCOME	813	1,148	(335)	2,982	11,514		[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	45,480	41,091	4,389	469,969	438,125	31,844	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,534	4,626	92	41,535	44,418		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	17,655	14,894	(2,761)	190,762	172,789		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	8,964	8,680	(284)	92,143	81,756		[A] Pages 7, 12-14, [B] 27
OPERATION EXPENSE-TRANSMISSION	718	685	(33)	7,638	6,426 0		[B], [C] Page 28
OPERATION EXPENSE-RTO/ISO CONSUMER SERVICE & INFORMATIONAL EXPENSE	223 27	0 36	(223)	2,056 372	411	(2,050)	[B],[C] Page 29
OPERATION EXPENSE-SALES	21	0	(2)	131	164	33	
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1.891	1,928	37	21,871	21,411	(460)	
TOTAL OPERATION EXPENSE	34,014	30,849	(3,165)	356,508	327,375	(29, 133)	
MAINTENANCE EXPENSE-PRODUCTION	4,040	7,377	3,337	33,221	34,780	1,559	[C] Page 32
MAINTENANCE EXPENSE-TRANSMISSION	436	347	(89)	3,783	3,955	172	
MAINTENANCE EXPENSE-GENERAL PLANT	24	16	(8)	118	160	42	
TOTAL MAINTENANCE EXPENSE	4,500	7,740	3,240	37,122	38,895	1,773	
DEPRECIATION & AMORTIZATION EXPENSE	2,499	2,840	341	28,873	28,486	(387)	
TAXES	0	0	0	128	198	70	
INTEREST ON LONG-TERM DEBT	3,796	3,952	156	38,246	39,138	892	[C] Page 35
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(26)	(82)	(56)	(476)	(492)	(16)	
OTHER INTEREST EXPENSE	0	21	21	59	147	88	
OTHER DEDUCTIONS	12	13	1	171	86	(85)	
TOTAL COST OF ELECTRIC SERVICE	44,795	45,333	538	460,631	433,833	(26,798)	
OPERATING MARGINS	685	(4.242)	4,927	9,338	4,292	5,046	
INTEREST INCOME	7	33	(26)	138	303	(165)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	6	(6)	9	1,699		[B],[C] Page 36
OTHER CAPITAL CREDITS & PAT DIVIDENDS EXTRAORDINARY ITEMS	0	0	0	105 0	20 0	85 0	
EXTRAORDINART LIENIO	U	<u> </u>	0	<u> </u>	<u>U</u>	0	
NET PATRONAGE CAPITAL OR MARGINS	692	(4,203)	4,895	9,590	6,314	3,276	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Your Teachstone Energy Cooperative 🗚

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD October 2011 Margins were \$5,793 favorable to budget.
 - · Electric Energy Revenues were favorable \$17,064 primarily due to higher off-system volume (see page 12).
 - Other Revenue was favorable \$2,962 due to the power supply transmission reservation (see page 26).
 - Operation Expense was unfavorable \$19,417 driven by higher variable costs \$23,400 primarily due to the higher off-system sales volumes, partially
 offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pages 13, 27-31).
 - Maintenance Expense was favorable \$2,710 primarily due to timing of plant expenses and cancellation of the Wilson chemical clean (see pages 32 & 33).
 - Depreciation, Taxes, Interest Expense & Other was favorable \$2,639 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note (see pages 11, 35).



Your Touchstone Energy' Cooperative 😹 🔿

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$3,276 favorable to YTD 2010.
 - Electric Energy Revenues were favorable \$40,376 primarily due to higher off-system volumes (see page 12).
 - Other Revenue was unfavorable \$8,532 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense -Other Power Supply (see page 26).
 - Operation Expense was unfavorable \$29,133 driven by higher variable costs \$34,027 and higher MISO expenses, partially offset by lower transmission reservation (see pages 13, 27-29).
 - · Maintenance Expense was favorable \$1,733 primarily due to higher planned outage expense during 2010 (see pages 32-33).
 - · Depreciation and Interest Expense combined was lower \$562.
 - Interest Income, Other Non-Operating Income and Pat. Dividends combined were unfavorable \$1,770 primarily due to the write-off of the M&S inventory
 obsolescence reserve in 2010 (see page 36).



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Member Rate Stability Mechanism <u>YTD October</u>

Your Teachstone Friend & cooperative St

	Actual <u>2011</u>	Budget <u>2011</u>	2011 Variance	Actual 2010	2010 Variance		Actual <u>2011</u>	Budget <u>2011</u>	2011 Variance	Actual <u>2010</u>	2010 Variance
<u>MRSM - \$/MWh</u>						<u>Net Revenue - \$/MWh</u>					
Rural	(6.36)	(7.21)	0.85	(8.22)	1.86	Rural	40.40	39.45	0.95	36.94	3.46
Large Industrial	(6.36)	(7.21)	0.85	(8.22)	1.86	Large Industrial	35.14	35.42	(0.28)	33.53	1.61
Total	(6.36)	(7.21)	0.85	(8.22)	1.86	Total	38.86	38.35	0.51	36.00	2.86
MRSM - Thousands of \$						<u>Net Revenue - Thousand</u>	s of \$				
Rural	(12,642)	(14,907)	2,265	(16,825)	4,183	Rural	80,359	81,581	(1,222)	75,560	4,799
Large Industrial	(5,218)	(5,622)	404	(6,381)	1,163	Large Industrial	28,866	27,634	1,232	26,028	2,838
Total	(17,860)	(20,529)	2,669	(23,206)	5,346	Total	109,225	109,215	10	101,588	7,637

Economic Reserve Balance								
Cumulative-to-Date		<u>Actual</u>		<u>Budget</u>	Va	<u>riance</u>		
Original Deposit	\$	157,000						
Interest Earnings		2,645						
Withdrawals		(56,499)						
Ending Balance 10/31/2011	\$	103,146	\$	102,395	\$	751		
YTD September 2011		*****						
Beg. Balance 1/1/2011	\$	121,220						
Interest Earnings		780						
Withdrawals		(18,854)						
Ending Balance 10/31/2011	\$	103,146	\$	102,395	\$	751		



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
October 31 st	58,888	31,554	27,334	53,898	4,990

The October 31st, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures of \$23,700 and a reduction in fuel inventory of \$18,895. As a result, the budgeted line of credit borrowing has not occurred.

The October 31st, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit	
<u>As of October 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(6,875)
Advances Outstanding	0
Available Lines of Credit	\$ 93,125



<u>North Star – YTD October</u>

		2011		20	10
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			1,816		(26,797)
Other Operating Revenues & Income	(2,982)	(15,903)	(12,921)	(11,514)	(8,532)
Smelter Avoidable Base Charge	(2,594)	0	2,594	(3,987)	(1,393)
Off-System Sales/Other					
Interest Income	(138)	(321)	(183)	(303)	(165)
Other Non-Operating Income	(9)	0	9	(1,699)	(1,690)
Other Capital Credits & Pat. Dividends	(105)	(96)	9	(20)	85
	an a	e provensi da la construcción de l La construcción de la construcción d	31,147	ang sa	(18,292)

Member MWh	8,446,810	8,920,921	(474,111)	8,100,780	346,030

North Star - \$/kWh



TIER

	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)
Interest on Long Term Debt	38,246	39,451	1,205
Net Margins		an an an Angal an	
TIER (10 months ending 10/31)			
TIER (12 months ending 10/31)		ie z stárt menytés ministere felientes ministeres a	

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



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Capital Expenditures*

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(UnFav)</u>
IT	675	936	261
Generation	20,506	35,049	14,543
Transmission	5,719	14,111	8,392
Other	1,027	2,709	1,682
Total	27,927	52,805	24,878

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$2,570 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer and start-up buss tie added to the favorability. Station Two was favorable \$3,411 due to reducing the scope of the HMPL 1 spring outage and timing of various projects. Green Station was favorable \$7,574 due to several projects being moved to later in the year. These include FGD rehab, boiler painting and outage related projects. The Wilson facility was favorable \$988 due to the delay of the secondary airheater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Wilson 69 KV line to Centertown addition.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator, training facility remodeling and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

RicRivers	Revenue <u>YTD Octob</u>				
Big Rivers	Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other Total	1,988,751 821,345 5,636,712	2,067,739 780,089 6,073,093	(78,988) 41,256 (436,381)	2,045,954 776,335 5,278,493	(57,203) 45,010 358,219
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total	46.76 41.50 44.19	46.66 42.63 44.32	0.10 (1.13) (0.13)	45.15 41.75 43.80	1.61 (0.25) 0.39
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total	93,001 34,084 249,071	96,488 33,256 269,171	(3,487) 828 (20,100)	92,385 32,409 231,186	616 1,675 17,885

Revenue Price / Volume Analysis YTD October 2011

Price / Volume

	1		
	Price	Volume	Total
Rural			
Large Industrial			
Smelter			
Off-System/Other	≉≓tusizzi di stati tu ili da sizi tu	an a	ى ئەرىلىرى بىر ئېرىيە ھەردىكىيىرى

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Variable Operations Cost <u>YTD October</u>

You Teachstone Erenzy' Cooperative 🎢

	Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) Cost - \$	5/ <u>MWh</u>				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD October 2011 Variable Operations Expense

	Actual	Budget Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel					
Purchased Power Non-FAC PPA (Non-Smelter)					
		an a	and and a second second second		and an



Net Sales Margin <u>YTD October</u>

	Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
Net Sales Margin - \$/MWh			and a second and a second second second		na na ha
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					and a start way and the start
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total	New Street and Street and		and the second second second second	All an Augustaine.	al and the states

Net Sales Margin Price / Volume Analysis YTD October 2011

Price / Volume

<u>Price Volume Total</u>

Rural Large Industrial Smelter Off-System/Other



New textistion haven trappendie with

MWH Sales YTD - October





Revenue - \$/MWh Sold YTD - October





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Revenue YTD - October







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Variable Operations Cost YTD – October





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Net Sales Margin - \$/MWh YTD - October





Net Sales Margin YTD - October





Your Josefision Energy Compension 👘

\$9.00

MRSM - \$/MWh YTD - October



22

Unfavorable

Prior Year



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MRSM YTD - October





Net Revenue (Excl. MRSM) - \$/MWh YTD - October





Your Londorian Friends' Cooperative Mat

Net Revenue (Excl. MRSM) YTD - October





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Other Operating Revenue and Income

		2011			2010
			Variance	2010	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
r YTD	2,982	20	2,962	11,514	(8,532)

October YTD

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



Your Inclusion France Cooperative Bat

October YTD

Non-Variable Production and

Other Power Supply – Operations

2011			2010		
		Variance	2010	Variance	
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
		219		8,550	

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	(4,638)
HMPL1 Outage scope reduction	1,436
Plant operations expense timing/reductions (Coleman \$772, Green \$668 & Wilson \$863)	2,303
Station-Two O&M timing/reductions	1,275
Other	(157)
Non-Variable Production and Other Power Supply - Operations	219
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	8,659
Station-Two O&M/other	(109)
Non-Variable Production and Other Power Supply - Operations	8,550



Your lookhetone Energy Cooperative 🌾

Operation Expense – Transmission

2011		2010		
		Variance	2010	Variance
Actual	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
7,638	10,257	2,619	6,426	(1,212)

October YTD

Favorable to budget primarily due to 1) lower than anticipated MISO administrative expenses \$169, and 2) favorable labor expense as more is being charged to maintenance accounts than operations \$1,399 (see slide 33), and 3) various stations and lines fixed departmental expenses \$1,051.

Unfavorable to prior year due to MISO administrative expenses.

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Your Teacharane knows Competative XT

Operation Expense – RTO/ISO

2011		2010		
		Variance	2010	Variance
<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
2,056	2,368	312	0	(2,056)

October YTD

Favorable to budget primarily due to lower than anticipated MISO administrative expenses.

Unfavorable to prior year due to MISO administrative expenses.



You Tescheron lines Cooperative X

Consumer Service & Informational Expense

	2011		
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
October YTD	372	731	359

Favorable to budget due to timing of fixed expenses in energy efficiency/demand side management area.


Operation Expense – Sales

		2011			
	Variance				
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>		
October YTD	131	810	679		

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.



Maintenance Expense – Production

	2011			2010
Actual	Budget	Variance Fav/(Unfav)	2010 Actual	Variance Fav/(Unfav)
		3,747		1,559

October YTD

Favorable to budget due to various maintenance projects that have been delayed, reduced in scope or cancelled. These projects include mill overhauls, site maintenance, bar screen repairs, the Wilson chemical clean and heavy equipment maintenance.

Favorable to prior year driven by higher planned outage expenses at Coleman last year.



Your testitions frame, Cooperative 🎢

Maintenance Expense – Transmission

		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
October YTD	3,783	2,776	(1,007)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (The favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).



Depreciation & Amortization Expense

		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
October YTD	28,873	30,120	1,247

Favorable to budget due to lower capital spending.



Your loss listons kineras & cooperative Satt

Interest on Long-Term Debt

	2011			2010
	,,,,,,, <u> </u>	Variance	2010	Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
38,246	39,451	1,205	39,138	892

October YTD

Interest on long-term debt is lower than budget and prior-year due to the payment of the Transition Reserve on the RUS Series A Note.



Other Non-Operating Income - Net

		2010	
	La	2010	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
October YTD	8	1,693	(1,685)

Other Non-Operating Income was unfavorable \$1,685 due to the write-off of the M&S inventory obsolescence reserve in 2010.

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Monthly Financial Report – September 2011



Your Touchstone Energy' Cooperative 🔨

Financial Report September 2011 (\$ in Thousands)

Board Meeting Date: November 18, 2011

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Summary of Operations YTD September

		2011	2010			
	Fav		Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget *	Variance	Actual	Variance	
	424,489	407,743	16,746	397,034	27,455	
rvice	415,836	403,177	(12,659)	388,500	(27,336)	
	8,653	4,566	4,087	8,534	119	
her	245	385	(140)	1,983	(1,738)	
	8,898	4,951	3,947	10,517	(1,619)	

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).

Revenues

Cost of Electric Service

Operating Margins

Interest Income/Other

Net Margins - YTD



Statement of Operations – September

Variance to Budget

Year-to-Date

*				•			
: bay horone burns, 'Cooperative 🎢		.	Variance	A - 4 1	Durdaut	Variance Sec.//LinSec.	
-	Actual	Budget*	Fav/(UnFav)	Actual	Budget*	Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	49,057	46,841	2,216	422,321	407.725	14,596	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	. 0	0	
OTHER OPERATING REVENUE AND INCOME	275	2	273	2,168	18		[B], [C] Page 26
OTHER OPERATING REVENUE AND INCOME	213	<u></u>	275	2,100		2,100	[D], [O] / Lgo 20
TOTAL OPER REVENUES & PATRONAGE CAPITAL	49,332	46,843	2,489	424,489	407,743	16,746	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,285	5,485	1,200	37.001	48,501	11,500	[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	18,126	17,643	(483)	173,107	158,604		[A] Pages 7, 12-14
	9,189	6,971	(2,218)	83,179	66,659		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-OTHER POWER SUPPLY			326	6,920	9,360		[B], [C] Page 28
OPERATION EXPENSE-TRANSMISSION	746	1,072					
OPERATION EXPENSE-RTO/ISO	192	231	39	1,832	2,292		[B] Page 29
CONSUMER SERVICE & INFORMATIONAL EXPENSE	39	76	37	345	657		[B] Page 30
OPERATION EXPENSE-SALES	37	178	141	129	742		[B], [C] Page 31
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,438	2,182	(256)	19,980	19,460	(520)	[C] Page 32
TOTAL OPERATION EXPENSE	35,052	33,838	(1,214)	322,493	306,275	(16,218)	
MAINTENANCE EXPENSE-PRODUCTION	3,827	4,850	1.023	29,182	31,751	2,569	[C] Page 33
MAINTENANCE EXPENSE-TRANSMISSION	494	325	(169)	3,348	2,534	(814)	[B], [C] Page 34
MAINTENANCE EXPENSE-GENERAL PLANT	8		0	93	80	(13)	
TOTAL MAINTENANCE EXPENSE	4,329	5,183	854	32,623	34,365	1,742	
DEPRECIATION & AMORTIZATION EXPENSE	3,304	3.049	(255)	26,374	27,068	694	[C] Page 35
	0,004	21	21	128	187	59	1-13
TAXES	•		158	34,450	35,428		[C] Page 36
NTEREST ON LONG-TERM DEBT	3,744	3,902				60	[O] Fage 50
NTEREST CHARGED TO CONSTRUCTION-CREDIT	(30)	(29)	1	(450)	(390)		
OTHER INTEREST EXPENSE	0	29	29	60	141	81	
OTHER DEDUCTIONS	14	11	(3)	158	103	(55)	
TOTAL COST OF ELECTRIC SERVICE	46,413	46,004	(409)	415,836	403,177	(12,659)	
OPERATING MARGINS	2,919	839	2,080	8,653	4,566	4,087	
NITEDERT NO.0ME	8	32	(24)	132	288	(156)	
INTEREST INCOME	0	32	(24)	0	200	(130)	
ALLOWANCE FOR FUNDS USED DURING CONST	-	-		-	-		
OTHER NON-OPERATING INCOME - NET	0	0	0	8	97	(89)	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	8	0	8	105	0	105	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	2.935	871	2,064	8,898	4.951	3,947	
	2,000	0, 1	2,004	0,000		5,547	

Current Month

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



Statement of Operations – September Variance to Prior-Year

ar lesk internet mergy" Competative 🎢 -	c	Current Month		•	Year-to-Date		
		D	Variance	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
_	Actual	Prior Year	Fav/(UnFav)	Actual	Prior tear	Fav/(OnFav)	Explanation
ELECTRIC ENERGY REVENUES	49,057	39,319	9,738	422,321	386,668		[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0		0	0		0	
OTHER OPERATING REVENUE AND INCOME	275	1,142	(867)	2,168	10,366	(8,198)	[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	49,332	40,461	8,871	424,489	397,034	27,455	
	4,285	4,700	415	37.001	39,792	2 791	[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	18,126	17,046	(1,080)	173,107	157,895		[A] Pages 7, 12-14
OPERATION EXPENSE-PRODUCTION-FUEL	9,189	8,312	(877)	83,179	73,076		[A] Pages 7, 12-14, [B] 27
OPERATION EXPENSE-OTHER POWER SUPPLY	9,189	651	(95)	6,920	5,741		[B], [C] Page 28, 29
OPERATION EXPENSE-TRANSMISSION	192	051	(192)	1,832	5,741		[B],[C] Page 30
OPERATION EXPENSE-RTO/ISO	39	24	(192)	345	375	30	[0];[0]; uge oo
CONSUMER SERVICE & INFORMATIONAL EXPENSE			63	129	164	35	
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	37 2.438	100 1,979	(459)	19,980	19,483	(497)	
SPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,400	1,070					
TOTAL OPERATION EXPENSE	35,052	32,812	(2,240)	322,493	296,526	(25,967)	
MAINTENANCE EXPENSE-PRODUCTION	3,827	4,334	507	29,182	27,403		[C] Page 33
MAINTENANCE EXPENSE-TRANSMISSION	494	786	292	3,348	3,608	260	
MAINTENANCE EXPENSE-GENERAL PLANT	8	9	1	93	144	51	
TOTAL MAINTENANCE EXPENSE	4,329	5,129	800	32,623	31,155	(1,468)	
DEPRECIATION & AMORTIZATION EXPENSE	3,304	2,967	(337)	26,374	25,646	(728)	
TAXES	0,000	65	65	128	198	70	
INTEREST ON LONG-TERM DEBT	3,744	3,831	87	34,450	35,186	736	
NTEREST CHARGED TO CONSTRUCTION-CREDIT	(30)	(77)	(47)	(450)	(410)	40	
	(00)	20	20	60	126	66	
OTHER INTEREST EXPENSE OTHER DEDUCTIONS	14	12	(2)	158	73	(85)	
TOTAL COST OF ELECTRIC SERVICE	46,413	44,759	(1,654)	415,836	388,500	(27,336)	
OPERATING MARGINS	2,919	(4,298)	7,217	8,653	8,534	119	
	_	0-	(25)	120	270	(450)	
INTEREST INCOME	8	33	(25)	132	270	(138)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	÷		[P] [C] Page 27
OTHER NON-OPERATING INCOME - NET	0	1,674	(1,674)	8	1,693		[B],[C] Page 37
OTHER CAPITAL CREDITS & PAT DIVIDENDS	8	0	8	105	20	85	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	
	2,935	(2,591)	5,526	8,898	10,517	(1,619)	
NET PATRONAGE CAPITAL OR MARGINS	2,935	(2,591)	5,520	0,030	10,017	(1,019)	

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

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Year Touchstone United Competative 🍋 🚈

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD September 2011 Margins were \$3,947 favorable to budget.
 - Electric Energy Revenues were favorable \$14,596 primarily due to higher off-system volume (see page 12).
 - Other Revenue was favorable \$2,150 due to the power supply transmission reservation (see page 26).
 - Operation Expense was unfavorable \$16,218 driven by higher variable costs \$20,428 primarily due to the higher off-system sales volumes, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pages 13, 27-31).
 - Maintenance Expense was favorable \$1,742 primarily due to timing of plant expenses and cancellation of the Wilson chemical clean (see pages 33 & 34).
 - Depreciation, Taxes, Interest Expense & Other was favorable \$1,817 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note (see pages 11, 35-36).



Your Teschstone Energe" Cooperative 😹

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$1,619 unfavorable to YTD 2010.
 - Electric Energy Revenues were favorable \$35,653 primarily due to higher off-system volumes (see page 12).
 - Other Revenue was unfavorable \$8,198 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see page 26).
 - Operation Expense was unfavorable \$25,967 driven by higher variable costs \$30,741 and higher MISO expenses, partially
 offset by lower transmission reservation (see pages 13, 27-29).
 - Maintenance Expense was unfavorable \$1,468 primarily due to the planned outage at Wilson this year and higher planned maintenance activities at the plants (see pages 33-34).
 - Depreciation and Interest Expense combined was lower \$99.
 - Interest Income, Other Non-Operating Income and Pat. Dividends combined were unfavorable \$1,738 primarily due to the write-off
 of the M&S inventory obsolescence reserve in 2010 (see page 37).



Summary of Operations YTD September

	2011		20	010
		Fav/(UnFav)		Fav/(UnFav)
Actual	Budget*	Variance	Actual	Variance
424,489	407,743	16,746	397,034	27,455
245	385	(140)	1,983	(1,738)

Revenues

Cost of Electric Service

Operating Margins

Interest Income/Other

Net Margins - YTD

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



Statement of Operations – September

Variance to Budget

	Current Month			Ŷ				
ar Tenschoronic Energy''''' conjectative 🚈 🥬	Actual	Budget*	Variance Fav/(UnFav)	Actual	Budget*	Variance Fav/(UnFav)	Explanation	•
ELECTRIC ENERGY REVENUES INCOME FROM LEASED PROPERTY - NET OTHER OPERATING REVENUE AND INCOME	49,057 0 275	46,841 0 2	2,216 0 273	422,321 0 2,168	407,725 0 18	0	Pages 7, 12-14 [C] Page 26	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	49,332	46,843	2,489	424,489	407,743	16,746		

[A] Pages 7, 12-14, 27

[A] Pages 7, 12-14

TOTAL OPER REVENUES & PATRONAGE CAPITAL

OPERATION EXPENSE-PRODUCTION-EXCL FUEL OPERATION EXPENSE-PRODUCTION-FUEL OPERATION EXPENSE-OTHER POWER SUPPLY OPERATION EXPENSE-TRANSMISSION OPERATION EXPENSE-RTO/ISO CONSUMER SERVICE & INFORMATIONAL EXPENSE OPERATION EXPENSE-SALES **OPERATION EXPENSE-ADMINISTRATIVE & GENERAL** TOTAL OPERATION EXPENSE

MAINTENANCE EXPENSE-PRODUCTION MAINTENANCE EXPENSE-TRANSMISSION MAINTENANCE EXPENSE-GENERAL PLANT

TOTAL MAINTENANCE EXPENSE

DEPRECIATION & AMORTIZATION EXPENSE TAXES INTEREST ON LONG-TERM DEBT INTEREST CHARGED TO CONSTRUCTION-CREDIT OTHER INTEREST EXPENSE OTHER DEDUCTIONS

TOTAL COST OF ELECTRIC SERVICE

OPERATING MARGINS	
INTEREST INCOME ALLOWANCE FOR FUNDS USED DURING (OTHER NON-OPERATING INCOME - NET OTHER CAPITAL CREDITS & PAT DIVIDENI EXTRAORDINARY ITEMS	

3,304 3,049 (255) 26,374 27,068 694 [C] Page 33 3,304 3,049 (255) 26,374 27,068 694 [C] Page 35 0 21 21 128 187 59 3,744 3,902 158 34,450 35,428 978 [C] Page 36 (30) (29) 1 (450) (390) 60 0 29 29 60 141 81 14 11 (3) 158 103 (55) 8 32 (24) 132 288 (156) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0						[A] Pages 7, 12-1 [A] Pages 7, 12-1 [B], [C] Page 28 [B] Page 29 [B] Page 30 [B], [C] Page 31 [C] Page 32
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NET PATRONAGE CAPITAL OR MARGINS

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



Statement of Operations – September Variance to Prior-Year

from time to not the contract to the state of the state o	c	urrent Month		Y	ear-to-Date		
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav) Explanation	
	49,057	39,319	9,738	422,321	386,668	35,653 [A] Pages 7, 12-14 0	
ELECTRIC ENERGY REVENUES INCOME FROM LEASED PROPERTY - NET	0 275	1,142	0 (867)	2,168	10,366	(8,198) [B], [C] Page 26	
OTHER OPERATING REVENUE AND INCOME	49,332	40,461	8,871	424,489	397,034	27,455	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	49,002	40,101					

OPERATION EXPENSE-PRODUCTION-EXCL FUEL OPERATION EXPENSE-PRODUCTION-FUEL OPERATION EXPENSE-OTHER POWER SUPPLY OPERATION EXPENSE-TRANSMISSION OPERATION EXPENSE-RTO/ISO CONSUMER SERVICE & INFORMATIONAL EXPENSE OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL TOTAL OPERATION EXPENSE						[A] Pages 7, 12-14, 27 [A] Pages 7, 12-14 [A] Pages 7, 12-14 [A] Pages 7, 12-14, [B] 27 [B], [C] Page 28, 29 [B],[C] Page 30
MAINTENANCE EXPENSE-PRODUCTION MAINTENANCE EXPENSE-TRANSMISSION MAINTENANCE EXPENSE-GENERAL PLANT						[C] Page 33
TOTAL MAINTENANCE EXPENSE		sin di tanan sa	S	in a statistic second second		(728)
DEPRECIATION & AMORTIZATION EXPENSE TAXES INTEREST ON LONG-TERM DEBT INTEREST CHARGED TO CONSTRUCTION-CREDIT OTHER INTEREST EXPENSE OTHER DEDUCTIONS	3,304 0 3,744 (30) 0 14	2,967 65 3,831 (77) 20 12	(337) 65 87 (47) 20 (2)	26,374 128 34,450 (450) 60 158	25,646 198 35,186 (410) 126 73	(720) 736 40 66 (85)
TOTAL COST OF ELECTRIC SERVICE	en e	·				
OPERATING MARGINS		staling and		<u>, and an </u>		(122)
INTEREST INCOME ALLOWANCE FOR FUNDS USED DURING CONST OTHER NON-OPERATING INCOME - NET OTHER CAPITAL CREDITS & PAT DIVIDENDS EXTRAORDINARY ITEMS	8 0 0 8 0	33 0 1,674 0 0	(25) 0 (1,674) 8 00	132 0 8 105 0	270 0 1,693 20 0	(138) 0 (1.685) [B].[C] Page 37 85 0
NET PATRONAGE CAPITAL OR MARGINS				19 19		and the second

Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



Your Teachersone Borney Cooperative K

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD September 2011 Margins were \$3,947 favorable to budget.
 - · Electric Energy Revenues were favorable \$14,596 primarily due to higher off-system volume (see page 12).
 - Other Revenue was favorable \$2,150 due to the power supply transmission reservation (see page 26).

 Depreciation, Taxes, Interest Expense & Other was favorable \$1,817 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note (see pages 11, 35-36).

sales volumes, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pages 13, 27-31).

primarily due to timing of plant expenses and cancellation of the Wilson

chemical clean (see pages 33 & 34).



Your Touchstone Energy Coopstantie KT

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$1,619 unfavorable to YTD 2010.
 - Electric Energy Revenues were favorable \$35,653 primarily due to higher off-system volumes (see page 12).
 - Other Revenue was unfavorable \$8,198 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see page 26).
 - control of the second second
 - maintenance activities at the plants (see pages 33-34).
 - Depreciation and Interest Expense combined was lower \$99.
 - Interest Income, Other Non-Operating Income and Pat. Dividends combined were unfavorable \$1,738 primarily due to the write-off
 of the M&S inventory obsolescence reserve in 2010 (see page 37).



You Touchstone Friend' Cooperative Set

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Member **Rate** Stability Mechanism <u>YTD September</u>

	Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>		A c tu a l <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MRSM - \$/MWh</u> Rural Large Industrial Total	(6.39) (6.39) (6.39)	(7.33) (7.33) (7.33)	0.94	(8.14) (8.14) (8.14)	1.75	<u>Net Revenue – \$/MWh</u> Rural Large Industrial Total	40.57 35.23 39.04	39.13 35.12 38.06	1.44 0.11 0.98	36.88 33.29 35.91	3.69 1.94 3.13
<u>MRSM - Thousands of \$</u> Rural Large Industrial Total	(11,698) (4,705) (16,403)	(13,960) (5,132) (19,092)	427	(15,463) (5,708) (21,171)	1,003	<u>Net Revenue – Thousan</u> Rural Large Industrial Total	<u>ds of \$</u> 74,257 25,911 100,168	74,491 24,575 99,066	(234) 1,336 1,102	70,019 23,345 93,364	4,238 2,566 6,804

Economic Reserve Balance							
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings	\$	<u>Actual</u> 157,000 2,584 (54,954)		<u>Budget</u>	<u>Va</u>	<u>riance</u>	
Withdrawals Ending Balance 9/30/2011	\$	104,630	\$	103,748	\$	882	
YTD September 2011				<u></u>			
Beg. Balance 1/1/2011	\$	121,220					
Interest Earnings		719					
Withdrawals		(17,309)					
Ending Balance 9/30/2011	\$	104,630	\$	103,748	\$	882	

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Cash & Temporary Investments

	Actual	<u>Budget</u>	<u>Fav/(Unfav)</u>	2010 <u>A ctual</u>	<u>Fav/(Unfav)</u>
September 30 th	77,689	37,732	39,957	62,411	15,278

The September 30th, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures of \$25,594 and a reduction in fuel inventory of \$18,895. As a result, the budgeted line of credit borrowing has not occurred. The September 30th, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit		
As of September 30th	<u> </u>	
Original Amount	\$	100,000
Letters of Credit Outstanding		(6,875)
Advances Outstanding		0
Available Lines of Credit	\$	93,125



<u>North Star – YTD September</u>

	[2011		20	
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
m () o) of Electric Service			1,636		(27,336)
Total Cost of Electric Service	(2,168)	(14,313)	(12,145)	(10,366)	(8,198)
Other Operating Revenues & Income	(2,136)	0	2,136	(2,893)	(757)
Smelter Avoidable Base Charge	(,)				
Off-System Sales/Other	(132)	(288)	(156)	(270)	(138)
Interest Income	(9)	Ò	9	(1,693)	(1,684)
Other Non-Operating Income Other Capital Credits & Pat. Dividends	(105)	(96)	9	(20)	85
Other Capital Credits & Pat. Dividends			25,335		(20,922)
	Salan da a transfer da angelar da				

Member MWh

7,606,943	8,057,519	(450,576)	7,337,823	269,120

North Star - \$/kWh





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In James In City	ALC: N	د استاسر وارد ز	 e. u. A. 165

.

	Actual	<u>Budget</u>	Fav/(Unfav)
Interest on Long Term Debt	34,450	35,428	978
Net Margins			
TIER (9 months ending 9/30)			
TIER (12 months ending 9/30)	ter en ser e Carlo ante en ser en		

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(UnFav)</u>
IT	691	896	205
Generation	15,581	31,268	15,687
Transmission	4,750	13,699	8,949
Other	678	2,621	1,943
Total	21,700	48,484	26,784

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$3,524 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer, start-up buss tie and circulating water pump added to the favorability. Station Two was favorable \$3,582 due to reducing the scope of the HMPL 1 spring outage and timing of various projects. Green Station was favorable \$5,898 due to several projects being moved to later in the year. These include FGD rehab, boiler painting, generator rectifier and generator voltage regulator. The Wilson facility was favorable \$2,413 due to the delay of the lime transfer tower dust collectors and the secondary air-heater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Wilson 69 KV line to Centertown addition.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator, training facility remodeling and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

Big Rivers	Revenue YTD S eptem				
Vou Tocheone Brens' Corporation	A c tu a l <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	A c tu a l <u>2010</u>	2010 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System /Other Total	1 ,8 3 0 ,4 0 8 7 3 5 ,5 3 3 5 ,0 4 1 ,0 0 0	1,903,608 699,830 5,454,081	(73,200) 35,703 (413,081)	1,898,568 701,265 4,737,991	(68,160) 34,268 303,009
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total	46.96 41.62 44.08	46.46 42.45 43.98	0.50 (0.83) 0.10	45.02 41.43 43.41	1.94 0.19 0.67
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total	8 5 ,9 5 5 3 0 ,6 1 6 2 2 2 ,1 9 4	8 8 ,4 5 1 2 9 ,7 0 7 2 3 9 ,8 5 8	(2,496) 909 (17,664)	8 5 ,4 8 2 2 9 ,0 5 3 2 0 5 ,6 8 4	473 1,563 16,510

Revenue Price / Volume Analysis YTD September 2011

	Price / Volu	ıme	
	Price	<u>Volume</u>	<u>Total</u>
Rural	905	(3,401)	(2,496)
Large Industrial	(607)	1,516	909
Smelter	502	(18,166)	(17,664)
Off-System /Other			
	and the second		and the second



Variable Operations Cost YTD September

Your Touchstone Energy Cooperative ST

and the first of the state of t	A c tu a l <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	A c tu a l <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) Cost	<u>-\$/MWh</u>				
Rural					
Large Industrial					
Smelter					
Off-System /Other					
Total		en el en el <u>en el en el en</u>	<u>ana san an</u> an	ender ten in some	a sa
<u>VO Cost - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total					

YTD September 2011 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						
			an a	an a		

13



NetSales Margin YTD September

Your Touchsone Energy Coop Lative X

	Actual <u>2011</u>	Budget <u>2011</u>	<u>Variance</u>	A c tu a l <u>2010</u>	2010 <u>Variance</u>
<u>Net Sales Margin - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other					
Total			<u>e de la constante de la constan</u>	e Alexandra e Maria di Alexandra e e	
Net Sales Margin - Thousands of \$	(). (). (). (). (). (). (). (). (). (). ().				
Rural Large Industrial Smelter					
Off-System /Other Total				an ta Natara (natara an tanàna an Mangana amin'ny taona amin'ny taona amin'ny taona amin'ny taona amin'ny taona amin'	

Net Sales Margin. Price / Volume Analysis YTD September 2011

	Рт	ice /Volume		
	Price	Volume	<u>)</u>	<u>Total</u>
Rural				
Large Industrial				
Smelter				
Off-System /Other				
	and to particulate the health of			



MWH Sales

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VTD Contorebor





Revenue - \$/MWh Sold





Your Louds non-Linetas' Congreating with

Revenue VTD Sentember







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Net Sales Margin





Your Texchetone Energy Visig course &

MRSM - \$/MWh YTD - Sentember





Your Teach-rough marges Coopservers 👫 🕤

MRSM VTD - September





Net Revenue (Excl. MRSM) - \$/MWh **YTD** - September

□ Prior Year



Unfavorable




Net Revenue (Excl. MRSM) YTD - Sentember



25



Other Operating Revenue and Income

		2011			2010
			Variance	2010	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD	2,168	18	2,150	10,366	(8,198)

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



S e

Non-Variable Production and

Other Power Supply – Operations

	2011			2010	
	Actual	Budget	Variance Fav/(Unfav)	2010 <u>A c tu a l</u>	Variance Fav/(Unfav)
eptember YTD			905		8,217

Current Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(4,165)
HMPL 1 Outage scope reduction	1,436
Plant operations expense timing/reductions (Coleman \$811, Green \$698 & Wilson \$928)	2,437
Station-Two O&M tim ing/reductions	1,095
Other	102
Non-Variable Production and Other Power Supply - Operations	905
<u>Prior-Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	8,368
Station-Two O & M /other	(151)
Non-Variable Production and Other Power Supply - Operations	8,217

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27



Operation Expense – Transmission

Γ		2011			2010
	Actual	Budget	Variance Fav/(Unfav)	2010 A ctual	Variance Fav/(Unfav)
September YTD	<u>Actuar</u> 6.920	<u>9.360</u>	2,440	5.741	(1.179)

Favorable to budget primarily due to 1) lower than anticipated MISO administrative expenses \$293, and 2) favorable labor expense as more is being charged to maintenance accounts than operations \$1,183 (see slide 33), and 3) various stations and lines fixed departmental expenses \$964.

Unfavorable to prior year due to MISO administrative expenses.



Operation Expense – RTO/ISO

1		2011			2010
	Actual	Budget	Variance Fav/(Unfav)	2010 <u>Actual</u>	Variance <u>Fav/(Unfav)</u>
TD	1,832	2,292	460	0	(1,832)

September YTD

Favorable to budget primarily due to lower than anticipated MISO administrative expenses.

Unfavorable to prior year due to MISO administrative expenses.



Consumer Service & Informational Expense

Г		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
September YTD	345	657	312

Favorable to budget due to timing of fixed expenses in energy efficiency/demand side management area.

•



Operation Expense – Sales

Γ		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
September YTD	129	742	613

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.

31



Operation Expense – Administrative & General

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		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
September YTD	19,980	19,460	(520)

Unfavorable to budget primarily due to expenses related to the rate case.

32

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Maintenance Expense – Production

		2011	2005 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 - 1900 -		2010
			Variance	2010	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
er YTD			2,569		(1,779)

September YTD

Favorable to budget due to various maintenance projects that have been delayed, reduced in scope or cancelled. These projects include mill overhauls, site maintenance, bar screen repairs, the Wilson chemical clean and heavy equipment maintenance. Labor expense is favorable primarily due to open positions.

Unfavorable to prior year due to higher planned maintenance activities this year, the planned outage at Wilson and higher labor expenses.



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Maintenance Expense – Transmission

Γ		2011	
	- , - <u></u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
eptember YTD	3,348	2,534	(814)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (The favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).



Depreciation & Amortization Expense

Γ		2011	······
	····· ································		Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
September YTD	26,374	27,068	694

Favorable to budget due to lower capital spending and timing of projects being moved from work in progress to completed status.



Interest on Long-Term Debt

		2011	
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
September YTD	34,450	35,428	978

Interest on long-term debt is lower to budget due to the payment of the Transition Reserve on the RUS Series A Note.



Other Non-Operating Income - Net

]		2010	
		2010	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
September YTD	8	1,693	(1,685)

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Other Non-Operating Income was unfavorable \$1,685 due to the write-off of the M&S inventory obsolescence reserve in 2010.

Monthly Financial Report – August 2011



Your Touchstone Energy' Cooperative

Financial Report August 2011 (\$ in Thousands)

Board Meeting Date: October 21, 2011

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Summary of Operations YTD August

		2011	20	010	
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget *	Variance	Actual	Variance
Revenues	375,157	360,903	14,254	356,572	18,585
Cost of Electric Service	369,424	357,175	(12,249)	343,740	(25,684)
Operating Margins	5,733	3,728	2,005	12,832	(7,099)
Interest Income/Other	230	352	(122)	276	(46)
Net Margins - YTD	5,963	4,080	1,883	13,108	(7,145)
September	2,935	871	2,064	(2,591)	5,526
YTD September	8,898	4,951	3,947	10,517	(1,619)

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



Statement of Operations – August Variance to Budget

ur Teachairme Fauerey' Competative 🔊	Current Month			Year-to-Date			
	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation
	48,972	49,550	(578)	373,264	360,884		Pages 7, 12-14
LECTRIC ENERGY REVENUES ICOME FROM LEASED PROPERTY - NET	0	0	۰ o	0	0	0	
THER OPERATING REVENUE AND INCOME	185	2	183	1,893	19	<u> </u>	[C] Page 26
OTAL OPER REVENUES & PATRONAGE CAPITAL	49,157	49,552	(395)	375,157	360,903	14,254	
	4,271	5,641	1,370	32.716	43,016	10,300 [A]	Pages 7, 12-14, 27
PERATION EXPENSE-PRODUCTION-EXCL FUEL	20,078	19,305	(773)	154,981	140,961		Pages 7, 12-14
PERATION EXPENSE-PRODUCTION-FUEL	9,894	7,664	(2,230)	73,990	59,690	(14,300) [A]	Pages 7, 12-14, 27
PERATION EXPENSE-OTHER POWER SUPPLY	1,006	1,028	22	6,174	8,289	2,115 [B]	, [C] Page 28
PERATION EXPENSE-TRANSMISSION		244	52	1,640	2,061	421 [B]	Page 29
PERATION EXPENSE-RTO/ISO	192 70	68	(2)	306	582	276 [B]	Page 30
ONSUMER SERVICE & INFORMATIONAL EXPENSE	70 86	53	(33)	92	563	471 [B]	, [C] Page 31
PERATION EXPENSE-SALES	1,351	1,948	597	17,542	17,278	(264)	
OTAL OPERATION EXPENSE	36,948	35,951	(997)	287,441	272,440	(15,001)	
IAINTENANCE EXPENSE-PRODUCTION	3,082	3,178	96	25,355	26,901		, [C] Page 32
AINTENANCE EXPENSE-TRANSMISSION	372	311	(61)	2,854	2,208	• • •	, [C] Page 33
IAINTENANCE EXPENSE-TRANSMISSION	9	8	(1)	85	72	(13)	
OTAL MAINTENANCE EXPENSE	3,463	3,497	34	28,294	29,181	887	
THE REPORT OF A MORTIZATION EXPENSE	2,878	3,043	165	23,070	24,019] Page 34
DEPRECIATION & AMORTIZATION EXPENSE	2,010	21	21	128	166	38	
AXES	3.855	4,032	177	30,706	31,526] Page 35
NTEREST ON LONG-TERM DEBT	(25)	(20)	5	(419)	(360)	59	
NTEREST CHARGED TO CONSTRUCTION-CREDIT	(23)	30	30	59	112	53	
OTHER INTEREST EXPENSE OTHER DEDUCTIONS	16	12	(4)	145	91	(54)	
TOTAL COST OF ELECTRIC SERVICE	47,135	46,566	(569)	369,424	357,175	(12,249)	
OPERATING MARGINS	2,022	2,986	(964)	5,733	3,728	2,005	
			(25)	124	256	(132)	
INTEREST INCOME	8	33	(25) 0	0	230	0	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	+	9	0	9	
OTHER NON-OPERATING INCOME - NET	0	0	0	9	96	1	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	97	90	ů O	
EXTRAORDINARY ITEMS	0	0	0	U	J	<u>,</u>	



Statement of Operations – August Variance to Prior-Year

O ELECTRIC CORPORATION	C	urrent Month		Y	ear-to-Date		
Your lookhoone Energy Congretative 🔨 2	-		Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
_	48,972	Prior Year 46,633	2,339	373,264	347,349	25,915 [A]	Pages 7, 12-14
ELECTRIC ENERGY REVENUES INCOME FROM LEASED PROPERTY - NET	0 185	1,145	0 (960)	0 1,893	9,223	•	[C] Page 26
OTHER OPERATING REVENUE AND INCOME	49,157	47,778	1,379	375,157	356,572	18,585	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,271 20,078 9,894	4,804 19,753 7,539	533 (325) (2,355)	32,716 154,981 73,990	35,093 140,849 64,764 5,090	(14,132) [A]	Pages 7, 12-14, 27 Pages 7, 12-14 Pages 7, 12-14, [B] 27 Page 28
OPERATION EXPENSE-OTHER POWER SUPPLY OPERATION EXPENSE-TRANSMISSION OPERATION EXPENSE-RTO/ISO CONSUMER SERVICE & INFORMATIONAL EXPENSE	1,006 192 70	640 0 36	(366) (192) (34) (62)	6,174 1,640 306 92	5,050 0 351 64	(1,640) [B] 45 (28)	[C] Page 29
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	86 1,351	24 1,959	608	17,542	17,504	(38)	
TOTAL OPERATION EXPENSE	36,948	34,755	(2,193)	287,441	263,715	(23,726)	,[C] Page 32
MAINTENANCE EXPENSE-PRODUCTION MAINTENANCE EXPENSE-TRANSMISSION	3,082 372 9	3,293 466 22	211 94 13	25,355 2,854 85	23,069 2,823 134	(2,288) [B (31) 49	,[0] Fage 02
MAINTENANCE EXPENSE-GENERAL PLANT	3,463	3,781	318	28,294	26,026	(2,268)	
DEPRECIATION & AMORTIZATION EXPENSE	2,878 0	2,828 0	(50) 0	23,070 128 30,706	22,679 133 31,354	(391) 5 648 [0] Page 35
TAXES INTEREST ON LONG-TERM DEBT INTEREST CHARGED TO CONSTRUCTION-CREDIT OTHER INTEREST EXPENSE	3,855 (25) 0	3,958 (70) 21	103 (45) 21	(419) 59 145	(334) 106 61	85 47 (84)	
OTHER DEDUCTIONS	16	16 45,289	0 (1,846)	369,424	343,740	(25,684)	
TOTAL COST OF ELECTRIC SERVICE	47,135	45,265	(1,0-0)			(7.000)	
OPERATING MARGINS	2,022	2,489	(467)	5,733	12,832	(7,099)	
INTEREST INCOME ALLOWANCE FOR FUNDS USED DURING CONST OTHER NON-OPERATING INCOME - NET OTHER CAPITAL CREDITS & PAT DIVIDENDS EXTRAORDINARY ITEMS	8 0 0 0 0	33 0 2 7 0	(25) 0 (2) (7) 0	124 0 97 0	237 0 19 20 0	(113) 0 (10) 77 0	
NET PATRONAGE CAPITAL OR MARGINS	2,030	2,531	(501)	5,963	13,108	(7,145)	



Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD August 2011 Margins were \$1,883 favorable to budget.
 - · Electric Energy Revenues were favorable \$12,380 primarily due to higher off-system volume (see pg. 12).
 - Other Revenue was favorable \$1,874 due to the power supply transmission reservation (see pg. 26).
 - Operation Expense was unfavorable \$15,001 driven by higher variable costs \$19,228 primarily due to the higher off-system sales volumes, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pgs. 13, 27-31).
 - · Maintenance Expense was favorable \$887 primarily due to timing of plant expenses (see pgs. 32 & 33).
 - Depreciation and Interest Expense was favorable \$1,865 due to (a) lower capital expenditures and (b) lower interest expense due to payment of the Transition Reserve on the RUS Series A Note.

Your Touchstone Energy Cooperative 🗡 🚈



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Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$7,145 unfavorable to YTD 2010.
 - · Electric Energy Revenues were favorable \$25,915 primarily due to higher off-system volumes (see pg. 12).
 - Other Revenue was unfavorable \$7,330 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see pg. 26).
 - Operation Expense was unfavorable \$23,726 driven by higher variable costs \$28,147 and higher MISO expenses, partially
 offset by lower transmission reservation (see pgs. 13, 27 & 28).
 - Maintenance Expense was unfavorable \$2,268 primarily due to the planned outage at Wilson this year and higher planned maintenance activities at the plants (pg. 32).
 - · Depreciation and Interest Expense combined was lower \$310.



Your Touchstone Energy Cooperative X

Member Rate Stability Mechanism <u>YTD August</u>

	Actual	Budget	2011	Actual	2010		Actual	Budget	2011	Actual	2010
	<u>2011</u>	<u>2011</u>	<u>Variance</u>	<u>2010</u>	<u>Variance</u>		<u>2011</u>	<u>2011</u>	<u>Variance</u>	<u>2010</u>	<u>Variance</u>
<u> MRSM - \$/MWh</u>						<u>Net Revenue - \$/MWh</u>					
Rural	(6.41)	(7.37)	0.96	(8.23)	1.82	Rural	39.25	38.48	0.77	36.49	2.76
Large Industrial	(6.41)	(7.37)	0.96	(8.23)	1.82	Large Industrial	34.97	34.61	0.36	33.10	1.87
Total	(6.41)	(7.37)	0.96	(8.23)	1.82	Total	38.05	37.45	0.60	35.59	2.46
MRSM - Thousands of \$						Net Revenue - Thousand	<u>s of \$</u>				
Rural	(10,687)	(12,597)	1,910	(14,105)	3,418	Rural	65,410	65,786	(376)	62,549	2,861
Large Industrial	(4,174)	(4,585)	411	(5,119)	945	Large Industrial	22,753	21,528	1,225	20,589	2,164
Total	(14,861)	(17,182)	2,321	(19,224)	4,363	Total	88,163	87,314	849	83,138	5,025

Economic Reserve Balance								
Cumulative-to-Date	ጥ	Actual		<u>Budget</u>	Va	<u>riance</u>		
Original Deposit Interest Earnings	\$	157,000 2,516						
Withdrawals		(52,999)						
Ending Balance 8/31/2011	\$	106,517	\$	105,566	\$	951		
YTD August 2011								
Beg. Balance 1/1/2011	\$	121,220						
Interest Earnings		652						
Withdrawals		(15,355)						
Ending Balance 8/31/2011	\$	106,517	\$	105,566	\$	951		



Your Toxing one Energy Cooperative KT

Cash & Temporary Investments

	Actual	Budget	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
August 31st	76,642	31,771	44,871	53,497	23,145

The August 31st, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures \$23,950 and a reduction in fuel inventory \$23,996.

The August 31st, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit <u>As of August 31st</u>	
Original Amount	\$ 100,000
Letters of Credit Outstanding	(5,875)
Advances Outstanding	 0
Available Lines of Credit	\$ 94,125



Your Teachstone Energy Competence 🔊

North Star - YTD August

		2011		20	10
			Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			455		(25,683)
Other Operating Revenues & Income	(1,893)	(12,723)	(10,830)	(9,223)	(7,330)
Smelter Avoidable Base Charge	(1,595)	0	1,595	(2,110)	(515)
Off-System Sales/Other					
Interest Income	(124)	(256)	(132)	(237)	(113)
Other Non-Operating Income	(9)	0	9	(19)	(10)
Other Capital Credits & Pat. Dividends	(97)	(96)	1	(20)	77
			21,068		(19,531)
					án
Member MWh	6,789,571	7,185,486	(395,915)	6,553,475	236,096

North Star - \$/kWh



TIER

	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)
Interest on Long Term Debt	30,706	31,526	820
Net Margins			
TIER (8 months ending 8/31)			
TIER (12 months ending 8/31)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Your Teachstone Energy Chongstation 🐔 -

Capital Expenditures*

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(UnFav)</u>
IT	612	726	114
Generation	12,868	26,609	13,741
Transmission	3,695	12,960	9,265
Other	528	2,581	2,053
Total	17,703	42,876	25,173

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$3,704 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer, start-up buss tie and circulating water pump added to the favorability. Station Two was favorable \$3,693 due to reducing the scope of the HMPL 1 spring outage and timing of various projects. Green Station was favorable \$4,305 due to several projects being moved to later in the year. These include FGD rehab, boiler painting, generator rectifier and generator voltage regulator. The Wilson facility was favorable \$2,039 due to the delay of the lime transfer tower dust collectors and the secondary air-heater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Wilson 69 KV line to Centertown addition.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator, training facility remodeling and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

Big Rivers	Revenue <u>YTD Augu</u>	-			
Kur Teubane Energy Cooperative ST	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MWh Sales</u> Rural Large Industrial Smelter Off-System/Other Total	1,666,505 650,738 4,472,326	1,709,433 621,975 4,854,078	(42,928) 28,763 (381,752)	1,713,980 622,083 4,217,412	(47,475) 28,655 254,914
<u>Revenue - \$/MWh</u> Rural Large Industrial Smelter Off-System/Other Total	45.66 41.38 43.58	45.85 41.98 43.48	(0.19) (0.60) 0.10	44.72 41.33 43.56	0.94 0.05 0.02
<u>Revenue - Thousands of \$</u> Rural Large Industrial Smelter Off-System/Other Total	76,097 26,927 194,914	78,383 26,113 211,032	(2,286) 814 (16,118)	76,654 25,708 183,704	(557) 1,219 11,210

Revenue Price / Volume Analysis YTD August 2011

	Price	<u>Volume</u>	<u>Total</u>	
Rural	(318)	(1,968)	(2,286	
Large Industrial	(393)	1,207	814	
Smelter	479	(16,597)	(16,118	
Off-System/Other				

.

Variable Operations Cost <u>YTD August</u>



Your Touchstone Energy Cooperative 🔊

	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) Cost -	A Strategies and a stra				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				de la companya de la	
					and a second
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total		i Grand and an			

YTD August 2011 Variable Operations Expense



Net Sales Margin YTD August



Your Teachstone Energy Cooperative 🚮



Net Sales Margin Price / Volume Analysis YTD August 2011



14



Your Teachetons Energy Competitive KT

MWH Sales YTD - August





Revenue - \$/MWh Sold YTD - August

Your Readson Energy Cooperation 🐔





You Touch-out Factor Concernate 🔊

Revenue YTD - August





Power Cost - \$/MWh Sold YTD - August

Your Toxhstone Energy Cooperative 👫





Power Cost YTD – August







Sales Margin - \$/MWh YTD - August

Your Touchstone Energy Comperative 🗐





Non Texchology Energy 1 super store 👫

Sales Margin YTD - August



21



MRSM - \$/MWh YTD - August

Your Texchistola Energy Cooperative 🔊




Your Texturies Encoded Conjugations 🛠

MRSM YTD - August





Net Revenue (Excl. MRSM) - \$/MWh YTD - August

Your Teacharana Encore Unamorative A



FavorableBudgetUnfavorablePrior Year

24



Net Revenue (Excl. MRSM) YTD - August

Your Texholos Energy Cooperative ST





Your Transitione Early Congerstore Matt

Other Operating Revenue and Income

		2011			2010
			Variance	2010	Variance
	Actual	Budget	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)
August YTD	1,893	19	1,874	9,223	(7,330)

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



Your Texchestory Energy Cooperature &

<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

		2011		2	010
			Variance	2010	Variance
	Actual	Budget	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)
August YTD			1,208		7,166

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	(3,703)
HMPL 1 Outage scope reduction	1,436
Plant operations expense timing/reductions (Coleman \$812, Green \$683 & Wilson \$729)	2,224
Station-Two O&M timing/reductions	978
Other	273
Non-Variable Production and Other Power Supply - Operations	1,208
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	6,359
Station-Two O&M/other	807
Non-Variable Production and Other Power Supply - Operations	7,166



Your Textistone Energy Cooperative MT

Operation Expense – Transmission

		2011			2010
			Variance	2010	Variance
	Actual	Budget	<u>Fav/(Unfav)</u>	Actual	<u>Fav/(Unfav)</u>
August YTD	6,174	8,289	2,115	5,090	(1,084)

Favorable to budget primarily due to 1) lower than anticipated MISO administrative expenses \$302, and 2) favorable labor expense as more is being charged to maintenance accounts than operations \$1,008 (see slide 33), and 3) various stations and lines fixed departmental expenses \$805.

Unfavorable to prior year due to MISO administrative expenses.



You Touchstone Energy Competence 🐔

Operation Expense – RTO/ISO

		2011			2010		
			Variance	2010	Variance		
	Actual	Budget	<u>Fav/(Unfav)</u>	Actual	Fav/(Unfav)		
August YTD	1,640	2,061	421	0	(1,640)		

Favorable to budget primarily due to lower than anticipated MISO administrative expenses.

Unfavorable to prior year due to MISO administrative expenses.



Your Toxilatone Energy Co-persitive 😒

Consumer Service & Informational Expense

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
August YTD	306	582	276

Favorable to budget due to timing of fixed expenses in various departments.



Non Toucherous Energy Chapterings 🧐

Operation Expense – Sales

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
August YTD	92	563	471

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.

,



Your Toschoose Friendy Cooperation 💉

Maintenance Expense – Production

	2011		2	2010
	an <u></u>	Variance	2010	Variance
Actual	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	Fav/(Unfav)
		1,546		(2,286)

August YTD

Various maintenance projects have been delayed or cancelled. These projects include mill overhauls, site maintenance, bar screen repairs and heavy equipment maintenance. Labor expense is favorable primarily due to open positions.

Unfavorable to prior year due to higher planned maintenance activities this year and the planned outage at Wilson.



Your Bouchstone Energy Cooper stree 🔏

<u>Maintenance Expense – Transmission</u>

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
August YTD	2,854	2,208	(646)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (The favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).



Your Touchtons Energy Comparison of Katha

Depreciation & Amortization Expense

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
August YTD	23,070	24,019	949

Favorable to budget due to lower capital spending and timing of projects being moved from work in progress to completed status.



Your Touch-tone Energy Cooperative 🚿

Interest on Long-Term Debt

		2011			2010
			Variance	2010	Variance
	<u>Actual</u>	Budget	Fav/(Unfav)	Actual	<u>Fav/(Unfav)</u>
August YTD	30,706	31,526	820	31,354	648

Interest on long-term debt is lower to budget and to prior year due to the payment of the Transition Reserve on the RUS Series A Note.

Monthly Financial Report – July 2011



Your Touchstone Energy Cooperative

Financial Report July 2011 (\$ in Thousands)

Board Meeting Date: September 16, 2011

1



Summary of Operations **YTD** July

		2011		2010		
	Fav/(UnFav)				Fav/(UnFav)	
	Actual	Budget *	Variance	Actual	Variance	
venues	326,000	312,937	13,063	308,794	17,206	
st of Electric Service	322,288	312,195	(10,093)	298,452	(23,836)	
perating Margins	3,712	742	2,970	10,342	(6,630)	
erest Income/Other	223	320	(97)	234	(11)	
et Margins - YTD	3,935	1,062	2,873	10,576	(6,641)	

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).

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Net



Statement of Operations – July Variance to Budget

O ELECTRIC CORPORATION	Current Month			Ye	ear-to-Date			
nt Teachaona Eilertes' Cooperative 🔊	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation	
	50,741	47,803	2,938	324,292	311,335	12,957 [A	Pages 7, 12-14	
LECTRIC ENERGY REVENUES ICOME FROM LEASED PROPERTY - NET	0	0	0	0	. 0	0	• • ·	
THER OPERATING REVENUE AND INCOME	188	2	186	1,708	14	1,694 [B], [C] Page 26	
DTAL OPER REVENUES & PATRONAGE CAPITAL	50,929	47,805	3,124	326,000	311,349	14,651		
	4,223	5.692	1,469	28,445	37,375	8.930 [A] Pages 7, 12-14, 27	
PERATION EXPENSE-PRODUCTION-EXCL FUEL		18,609	(2,112)	134,903	121,656	•	Pages 7, 12-14	
PERATION EXPENSE-PRODUCTION-FUEL	20,721	7,669	(1,408)	64,096	52,024	• • •	Pages 7, 12-14, 27	
PERATION EXPENSE-OTHER POWER SUPPLY	9,077		538	6,616	9,078], [C] Page 28	
PERATION EXPENSE-TRANSMISSION	702	1,240	22	235	514	•] Page 29	
ONSUMER SERVICE & INFORMATIONAL EXPENSE	45	67		235	511], [C] Page 30	
PERATION EXPENSE-SALES	(16)	53	69	16,191	15,330	(861)	1 [9] . 496 66	
PERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,514	2,029	(485)	10, 191	10,000	(001)		
DTAL OPERATION EXPENSE	37,266	35,359	(1,907)	250,492	236,488	(14,004)		
AINTENANCE EXPENSE-PRODUCTION	3,344	3,159	(185)	22,273	23,723	1,450 [E], [C] Page 31	
AINTENANCE EXPENSE-PRODUCTION AINTENANCE EXPENSE-TRANSMISSION	342	305	(37)	2,482	1,897	(585) [E], [C] Page 32	
AINTENANCE EXPENSE-TRANSMISSION	17	8	(9)	75	64	(11)		
	3,703	3,472	(231)	24,830	25,684	854		
DTAL MAINTENANCE EXPENSE	0,100	0 , ··· =	(<i>i</i>)					
EPRECIATION & AMORTIZATION EXPENSE	2,878	3,037	159	20,192	20,977	785		
AXES	0	21	21	129	145	16		
ITEREST ON LONG-TERM DEBT	3,855	4,032	177	26,851	27,493	642		
TEREST CHARGED TO CONSTRUCTION-CREDIT	(18)	(101)	(83)	(394)	(342)	52		
THER INTEREST EXPENSE	0	` o	0	59	82	23		
THER DEDUCTIONS	12	12	0	129	80	(49)		
OTAL COST OF ELECTRIC SERVICE	47,696	45,832	(1,864)	322,288	310,607	(11,681)		
PERATING MARGINS	3,233	1,973	1,260	3,712	742	2,970		
	<u>^</u>	22	(27)	117	224	(107)		
NTEREST INCOME	6	33 0	(27)	0	0	(107)		
LLOWANCE FOR FUNDS USED DURING CONST	0	0	0	9	0	9		
THER NON-OPERATING INCOME - NET	0	-		97	96	3 1		
THER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	97	96	0		
XTRAORDINARY ITEMS	0	0	0	U	<u> </u>	<u> </u>		
	3,239	2,006	1,233	3,935	1.062	2,873		
IET PATRONAGE CAPITAL OR MARGINS	3,208	2,000	1,200	0,000	.,	_,		



Statement of Operations – July Variance to Prior-Year

r Touchstope Energy (Cooperative X)	c	urrent Month		Y	ear-to-Date		
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	Explanation
	50.741	45,063	5,678	324,292	300,716		Pages 7, 12-14
	0		0	0		0	
NCOME FROM LEASED PROPERTY - NET DTHER OPERATING REVENUE AND INCOME	188	1,142	(954)	1,708	8,078	<u>(6,370)</u> [B],	[C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	50,929	46,205	4,724	326,000	308,794	17,206	
	1 000	4 4 9 9	265	28,445	30,289	1,844 [A]	Pages 7, 12-14, 27
PPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,223	4,488	(1,812)	134,903	121,096		Pages 7, 12-14
OPERATION EXPENSE-PRODUCTION-FUEL	20,721	18,909	(507)	64,096	57,225	(6,871) [A]	Pages 7, 12-14, [B] 27
OPERATION EXPENSE-OTHER POWER SUPPLY	9,077	8,570	(100)	6,616	4,450	(2,166) [B]	
OPERATION EXPENSE-TRANSMISSION	702	602	•	235	314	79	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	45	42	(3)	6	40	34	
OPERATION EXPENSE-SALES	(16)	14	30	•	15,546	(645)	
DPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,514	1,381	(1,133)	16,191	10,040	(040)	
TOTAL OPERATION EXPENSE	37,266	34,006	(3,260)	250,492	228,960	(21,532)	
		0.004	(20)	22,273	19,776	(2,497) [B]	[C] Page 31
MAINTENANCE EXPENSE-PRODUCTION	3,344	3,324	(20)	2,482	2,357	(125)	
MAINTENANCE EXPENSE-TRANSMISSION	342	324	(18)	75	112	37	
MAINTENANCE EXPENSE-GENERAL PLANT	17	8	(9)				
TOTAL MAINTENANCE EXPENSE	3,703	3,656	(47)	24,830	22,245	(2,585)	
		0.047	(61)	20,192	19.851	(341)	
DEPRECIATION & AMORTIZATION EXPENSE	2,878	2,817	(01)	129	133	4	
TAXES	0	0	88	26,851	27,397	546	
INTEREST ON LONG-TERM DEBT	3,855	3,943		(394)	(263)	131	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(18)	(64)	(46)	, , ,	84	25	
OTHER INTEREST EXPENSE	0	21	21	59	45	(84)	
OTHER DEDUCTIONS	12	11	(1)	129	45	(04)	
TOTAL COST OF ELECTRIC SERVICE	47,696	44,390	(3,306)	322,288	298,452	(23,836)	
OPERATING MARGINS	3,233	1,815	1,418	3,712	10,342	(6,630)	
			(26)	117	204	(87)	
INTEREST INCOME	6	32	(26)	0	0	0	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	9	17	(8)	
OTHER NON-OPERATING INCOME - NET	0	2	(2)		13	84	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	97	13	0	
EXTRAORDINARY ITEMS	0	0	00	0	0	0	
	3,239	1,849	1,390	3,935	10,576	(6,641)	
NET PATRONAGE CAPITAL OR MARGINS	3,239	1,049		•			



Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD July 2011 Margins were \$2,873 favorable to budget.
 - · Electric Energy Revenues were favorable \$12,957 primarily due to higher off-system volume (see pg. 12).
 - · Other Revenue was favorable \$1,694 due to the power supply transmission reservation (see pg. 26).
 - Operation Expense was unfavorable \$14,004 driven by higher variable costs \$17,729, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at the plants and transmission (see pgs. 13, 27, 28, 29 and 30).
 - · Maintenance Expense was favorable \$854 primarily due timing of plant expenses (see pgs. 31 & 32).
 - Depreciation and Interest Expense was favorable \$1,469 due to lower capital expenditures and lower interest expense due to payment of the Transition Reserve on the RUS Series A Note.

Your Touchstone Energy' Cooperative 🔊



Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$6,641 unfavorable to YTD 2010.
 - Electric Energy Revenues were favorable \$23,576 primarily due to higher off-system volumes (see pg. 12).
 - Other Revenue was unfavorable \$6,370 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see pg. 26).
 - Operation Expense was unfavorable \$21,532 driven by higher variable costs \$24,722 and higher MISO expenses, partially offset by lower transmission reservation (see pgs. 13, 27 & 28).
 - Maintenance Expense was unfavorable \$2,585 primarily due to the planned outage at Wilson this year and higher planned maintenance activities at the plants (pg. 31).
 - Depreciation and Interest Expense combined was lower \$281.



Your Touchstone Energy Cooperative 🕅

Member Rate Stability Mechanism <u>YTD July</u>

	Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>		Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
<u>MRSM - \$/MWh</u> Rural Large Industrial Total	(6.73) (6.73) (6.73)	(7.32) (7.32) (7.32)	0.59 0.59 0.59	(8.43) (8.43) (8.43)	1.70 1.70 1.70	<u>Net Revenue - \$/MWh</u> Rural Large Industrial Total	38.67 34.61 37.52	38.24 34.48 37.23	0.43 0.13 0.29	36.17 32.93 35.29	2.50 1.68 2.23
<u>MRSM - Thousands of \$</u> Rural Large Industrial Total	(9,654) (3,804) (13,458)	(3,952)	148	(12,331) (4,551) (16,882)	747	<u>Net Revenue - Thousand</u> Rural Large Industrial Total	<u>s of \$</u> 55,439 19,542 74,981	56,095 18,638 74,733	(656) 904 248	52,900 17,784 70,684	2,539 1,758 4,297

Economic Reserve Balance						
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings	\$	<u>Actual</u> 157,000 2,451		<u>Budget</u>	<u>V</u> a	ariance
Withdrawals Cumulative through July 31st	\$	<u>(51,177)</u> 108,274	\$	110,173	\$	(1,899)
<u>YTD July 2011</u> Beg. Balance 1/1/2011	\$	121,220				
Interest Earnings Withdrawals	¥	587 (13,533)				
Ending Balance 7/31/2011	\$	108,274	\$	110,173	\$	(1,899)



Your Touchstone Energy Cooperative KT

Cash & Temporary Investments

	Actual	Budget	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	Fav/(Unfav)
July 31st	71,262	30,489	40,773	45,721	25,541

The July 31st, 2011 cash balance compared to budget is favorable primarily due to lower net capital expenditures \$20,769 and a reduction in fuel inventory \$25,682.

The July 31st, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit <u>As of July 31st</u>	
Original Amount	\$ 100,000
Letters of Credit Outstanding	(5,875)
Advances Outstanding	 0
Available Lines of Credit	\$ 94,125



Your Tasch-tone Energy Cooperative X

North Star - YTD July

2011

			Fav/(UnFav)
	Actual	Budget	Variance
Total Cost of Electric Service			(563)
Other Operating Revenues & Income	(1,708)	(11,132)	(9,424)
Smelter Avoidable Base Charge	(1,351)	0	1,351
Off-System Sales/Other			
Interest Income	(116)	(224)	(108)
Other Non-Operating Income	(9)	0	9
Other Capital Credits & Pat. Dividends	(97)	(96)	1
Other Dapital Ground a Fatt Difference	and the second		16,166

 5,896,968	6,242,454	(345,486)	5,687,208	209,760
0,000,000	0,= .=,			

2010

Actual

(8,078)

(2,054)

(204)

(17)

(13)

Fav/(UnFav)

Variance

(23, 837)

(6, 370)

(703)

(88)

(8)

84

(19,804)

Member MWh

North Star - \$/kWh



Big Rivers LECTRIC CORPORATION	TIER		
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>
Interest on Long Term Debt	26,851	27,493	642
Net Margins			
TIER (7 months ending 7/31)			
TIER (12 months ending 7/31)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Capital Expenditures*

Actual	Budget	Fav/(UnFav)
542	661	119
9,978	21,502	11,524
3,226	11,786	8,560
523	2,559	2,036
14,269	36,508	22,239
	542 9,978 3,226 523	5426619,97821,5023,22611,7865232,559

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$3,421 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer, start-up buss tie and circulating water pump added to the favorability. Station Two was favorable \$3,366 due to reducing the scope of the HMPL 1 spring outage and timing of various projects. Green Station was favorable \$3,266 due to several projects being moved to later in the year. These include FGD rehab, boiler painting, generator rectifier and generator voltage regulator. The Wilson facility was favorable \$1,471 due to the delay of the dust collectors and the secondary air-heater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Paradise Terminal Upgrade.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator, training facility remodeling and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

Revenue YTD July

DiaDizona	YTD Jul	-			
Big Rivers ELECTRIC CORPORATION	Actual <u>2011</u>	► Budget <u>2011</u>	<u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
MWh Sales					
Rural	1,433,707	1,466,965	(33,258)	1,462,709	(29,002)
Large Industrial	564,745	540,423	24,322	540,078	24,667
Smelter	3,898,513	4,235,066	(336,553)	3,684,421	214,092
Off-System/Other					
Total		en Malaine an an an Anna a	an a		
Revenue - \$/MWh					
Rural	45.40	45.56	(0.16)	44.60	0.80
Large Industrial	41.34	41.80	(0.46)	41.36	(0.02)
Smelter	43.45	43.22	0.23	43.56	(0.11)
Off-System/Other					
Total			anatan anatan kara a		
Revenue - Thousands of \$					
Rural	65,093	66,832	(1,739)	65,231	(138)
Large Industrial	23,346	22,590	756	22,335	1,011
Smelter	169,387	183,043	(13,656)	160,497	8,890
Off-System/Other					
Total				an airthean a state airthean an an	

Revenue Price / Volume Analysis YTD July 2011

	Price / Vol	ume	
	Price	Volume	<u>Total</u>
Rural	(224)	(1,515)	(1,739)
Large Industrial	(261)	1,017	756
Smelter	890	(14,546)	(13,656)
Off-System/Other			

Variable Operations Cost <u>YTD July</u>



Your Teachstone Energy Cooperative KT

r Teachstone Energy Cooperative 🔊	Actual	Budget		Actual	2010
	<u>2011</u>	<u>2011</u>	<u>Variance</u>	<u>2010</u>	<u>Variance</u>
Variable Operations (VO) Cos	t - \$/MWh				
Rural			같은 가지 않으며 전 가격을 줄 같은 것은 것은 것은 것은 것은 것을 했다.		
Large Industrial					
Smelter					
Off-System/Other					
Total					S
	an a		and the state of the		an a
VO Cost - Thousands of \$	Ecology Office (1990) (1997)		an a	at Albana internet and a	
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total		าร และ กัจเรื่องที่ได้เรื่องที่ได้เห	L. P. Para and S.		Statistic Large Street

YTD July 2011 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent Fuel Purchased Power Non-FAC PPA (Non-Smelter)						

Net Sales Margin <u>YTD July</u>



Your Touchstone Energy Cooperative 🔊

Your Teachstone Energy Cooperative 🛣	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
Net Sales Margin - \$/MWh		a contract of the contract of	an Viennek and the static disk is desired. All the		
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total		an a	in the state of the	rush dhat tarezoù	
<u>Net Sales Margin - Thousands of \$</u> Rural Large Industrial					
Smelter					
Off-System/Other					
Total	a della sindica del a comercia	A A TAKE AND A MARCHAN A	Sandara M. B. K. Series St. Phys. Rev. B Transler, 10	The print want the second seco	

Net Sales Margin Price / Volume Analysis YTD July 2011







Your Touchstone Energy Co-spectate e 💒

MWH Sales YTD - July





Revenue - \$/MWh Sold YTD - July

's at Touchstone Energy Conger and St.





Your Texclistone Energy Co-persione 🚮 -

Revenue YTD - July





Power Cost - \$/MWh Sold YTD - July

Your Teachstone Energy Cosperative 151





Power Cost YTD – July

Your Teach-tone Energy Cooperative XT





Sales Margin - \$/MWh YTD - July

Your Toschotone Energy Chapter and XT





Sales Margin YTD - July



□ Prior Year



MRSM - \$/MWh YTD - July

Your Teachstone Energy Cooperative 🌾



FavorableBudgetUnfavorablePrior Year


MRSM YTD - July

Your Texchotone Energy Cooperative St





Net Revenue (Excl. MRSM) - \$/MWh YTD - July

You Torchstone Energy Cooperative 🚮



FavorableBudgetUnfavorablePrior Year



Net Revenue (Excl. MRSM) YTD - July

Your Boscholone Energy Cooperative 🔊





Your Deschatory Energy Components 🗐

Other Operating Revenue and Income

		2011	2010			
			Variance	2010	Variance	
	<u>Actual</u>	Budget	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)	
YTD	1,708	14	1,694	8,078	(6,370)	

July

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



Your Textitions Energy Cooperation ST

<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

	2011	2010			
		Variance	2010	Variance	
Actual	<u>Budget</u>	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)	
		1,340		5,888	

July YTD

Current Year Variances	Fav/(UnFav)
Power Supply transmission reservation	(3,231)
HMPL 1 Outage scope reduction	1,436
Plant operations expense timing/reductions (Coleman \$479, Green \$696 & Wilson \$703)	1,878
Station-Two O&M timing/reductions	930
Other	327
Non-Variable Production and Other Power Supply - Operations	1,340
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	5,573
Other	310
Non-Variable Production and Other Power Supply - Operations	5,883



Your Touchstone Energy A conjecture e 🚿

Operation Expense – Transmission

	2011	2010			
		Variance	2010	Variance	
<u>Actual</u>	Budget	Fav/(Unfav)	<u>Actual</u>	<u>Fav/(Unfav)</u>	
6,616	9,078	2,462	4,450	(2,166)	

July YTD

Favorable to budget primarily due to 1) lower than anticipated MISO related expenses \$650, 2) favorable labor expense as more is being charged to maintenance accounts than operations \$900 (see slide 31), and 3) various stations and lines fixed departmental expenses \$912.

Unfavorable to prior year due to MISO membership.



Your Baschstone Energy Cooperative 🐋

Consumer Service & Informational Expense

		2011	
			Variance
	<u>Actual</u>	Budget	Fav/(Unfav)
July YTD	235	514	279

Favorable to budget due to timing of fixed expenses in various departments.



Your Teachstone Energy Congestative 🚮

Operation Expense – Sales

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
July YTD	6	511	505

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.



Your Texchetome Energy Cooperative Matte

Maintenance Expense – Production

	2011	2010			
		Variance	2010	Variance	
Actual	Budget	Fav/(Unfav)	<u>Actual</u>	<u>Fav/(Unfav)</u>	
		1,450		(2,497)	

July YTD

Various maintenance projects have been delayed or cancelled. These projects include mill overhauls, bar screen repairs and heavy equipment maintenance. Labor expense is favorable primarily due to open positions.

Unfavorable to prior year due to higher planned maintenance activities this year and the planned outage at Wilson.



Your Touchstone Energy Co-per an s

Maintenance Expense – Transmission

		2011	
			Variance
	Actual	Budget	Fav/(Unfav)
July YTD	2,482	1,897	(585)

Unfavorable to budget primarily due to more labor being charged to maintenance than operations (The favorable labor variance in Operation Expense – Transmission offsets this unfavorable labor variance in maintenance).

Monthly Financial Report – June 2011



Your Touchstone Energy Cooperative

Financial Report June 2011 (\$ in Thousands)

Board Meeting Date: August 19, 2011



Summary of Operations YTD June

[2011	2010				
		·	Fav/(UnFav)		Fav/(UnFav)		
	Actual	Budget *	Variance	Actual	Variance		
	275,071	263,544	11,527	262,589	12,482		
	274,592	264,776	(9,816)	254,061	(20,531)		
	479	(1,232)	1,711	8,528	(8,049)		
	216	287	(71)	199	17		
	695	(945)	1,640	8,727	(8,032)		

Revenues

Cost of Electric Service

Operating Margins

Interest Income/Other

Net Margins - YTD

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).



Statement of Operations – June Variance to Budget

Ver Technic Lenge Corporation	Current Month		Ye	Year-to-Date			
	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	45,488	43,928	1,560	273,551	263,532	10,019	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	
OTHER OPERATING REVENUE AND INCOME	206	2	204	1,520	12	1,508	[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	45,694	43,930	1,764	275,071	263,544	11,527	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,980	5,542	1,562	24,222	31,683	7,461	[A] Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-FUEL	18,370	17,013	(1,357)	114,182	103,047		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	9,961	7,657	(2,304)	55,019	44,355		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-TRANSMISSION	1,276	1,151	(125)	5,914	7.839		[B] Page 28
CONSUMER SERVICE & INFORMATIONAL EXPENSE	29	68	39	190	447	257	[-]
OPERATION EXPENSE-SALES	21	68	47	23	457		[B] Page 29
OPERATION EXPENSE-SALLS OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,725	2,637	(88)	13,677	13,301	(376)	-
TOTAL OPERATION EXPENSE	36,362	34,136	(2,226)	213,227	201,129	(12,098)	
MAINTENANCE EXPENSE-PRODUCTION	4,155	3,149	(1,006)	18,929	20,564	1,635	[B], [C] Page 30
MAINTENANCE EXPENSE-TRANSMISSION	433	325	(108)	2,140	1,592	(548)	[B] Page 31
MAINTENANCE EXPENSE-GENERAL PLANT	17	8	(9)	58	56	(2)	-
TOTAL MAINTENANCE EXPENSE	4,605	3,482	(1,123)	21,127	22,212	1,085	
DEPRECIATION & AMORTIZATION EXPENSE	2,878	3,022	144	17,314	17,939	625	
TAXES	65	21	(44)	128	125	(3)	
INTEREST ON LONG-TERM DEBT	3,752	3,912	160	22,996	23,461	465	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(21)	(82)	(61)	(375)	(240)	135	
OTHER INTEREST EXPENSE	Ò	Ò	0	59	82	23	
OTHER DEDUCTIONS	11	11	0	116	68	(48)	
TOTAL COST OF ELECTRIC SERVICE	47,652	44,502	(3,150)	274,592	264,776	(9,816)	
OPERATING MARGINS	(1,958)	(572)	(1,386)	479	(1,232)	1,711	
INTEREST INCOME	7	32	(25)	110	191	(81)	
ALLOWANCE FOR FUNDS USED DURING CONST	Ó	0	(23)	0	0	(01)	
OTHER NON-OPERATING INCOME - NET	2	0	2	9	0	9	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	97	96	1	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	-
NET PATRONAGE CAPITAL OR MARGINS	(1,949)	(540)	(1,409)	695	(945)	1,640	
	· · · ·						



Statement of Operations – June Variance to Prior-Year

O ELECTRIC CORPORATION	Current Month		Y				
Year Teachsterne burgey' Cooperative 🕅			Variance			Variance	
	Actual	Prior Year	Fav/(UnFav)	Actual	Prior Year	Fav/(UnFav)	Explanation
	AE 499	42,857	2,631	273,551	255.653	17,898 [A] F	Pages 7, 12-14
ELECTRIC ENERGY REVENUES	45,488 0	42,857	2,001	2,0,001	0	0	
INCOME FROM LEASED PROPERTY - NET	206	1,285	(1,079)	1,520	6,936	(5,416) [B],	[C] Page 26
OTHER OPERATING REVENUE AND INCOME	200	1,200	(1,0,0)				
TOTAL OPER REVENUES & PATRONAGE CAPITAL	45,694	44,142	1,552	275,071	262,589	12,482	
	2 090	4,613	633	24,222	25,801	1,579 [A] I	Pages 7, 12-14, 27
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,980	16,953	(1,417)	114,182	102,187	(11,995) [A] I	Pages 7, 12-14
OPERATION EXPENSE-PRODUCTION-FUEL	18,370	8,119	(1,842)	55,019	48,655	(6,364) [A]	Pages 7, 12-14, [B] 27
OPERATION EXPENSE-OTHER POWER SUPPLY	9,961	,	(621)	5,914	3,848	(2,066) [B]	
OPERATION EXPENSE-TRANSMISSION	1,276	655	(021)	190	272	82	-
CONSUMER SERVICE & INFORMATIONAL EXPENSE	29	48		23	26	3	
OPERATION EXPENSE-SALES	21	18	(3)		14,165	488	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,725	2,965	240	13,677	14,100	400	
TOTAL OPERATION EXPENSE	36,362	33,371	(2,991)	213,227	194,954	(18,273)	
	4 455	3.324	(831)	18,929	16,452	(2,477) [B],	[C] Page 30
MAINTENANCE EXPENSE-PRODUCTION	4,155		24	2,140	2,033	(107)	
MAINTENANCE EXPENSE-TRANSMISSION	433	457		58	104	46	
MAINTENANCE EXPENSE-GENERAL PLANT	17	14	(3)				
TOTAL MAINTENANCE EXPENSE	4,605	3,795	(810)	21,127	18,589	(2,538)	
	2,878	2,846	(32)	17,314	17,034	(280)	
DEPRECIATION & AMORTIZATION EXPENSE	2,070	2,040	(,	128	133	5	
TAXES		3,742	(10)	22,996	23,455	459	
INTEREST ON LONG-TERM DEBT	3,752		(42)	(375)	(200)	175	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(21)	(63)	20	59	63	4	
OTHER INTEREST EXPENSE	0	20	20	116	33	(83)	
OTHER DEDUCTIONS	11	15	4	116		()	
TOTAL COST OF ELECTRIC SERVICE	47,652	43,791	(3,861)	274,592	254,061	(20,531)	
OPERATING MARGINS	(1,958)	351	(2,309)	479	8,528	(8,049)	
		20	(22)	110	172	(62)	
INTEREST INCOME	7	30	(23) 0	0	0	0	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0		9	14	(5)	
OTHER NON-OPERATING INCOME - NET	2	2	0	9 97	13	84	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	97	0	0	
EXTRAORDINARY ITEMS	0	0	0	<u> </u>	<u>v</u>	<u> </u>	
NET PATRONAGE CAPITAL OR MARGINS	(1,949)	383	(2,332)	695	8,727	(8,032)	



Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD June 2011 Margins were \$1,640 favorable to budget.
 - Electric Energy Revenues were favorable \$10,019 primarily due to higher off-system volume (see pg. 12).
 - Other Revenue was favorable \$1,508 (see pg. 26).
 - Operation Expense was unfavorable \$12,098 driven by higher variable costs \$15,639, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable operation expense at transmission (see pgs. 13, 27, 28 and 29).
 - Maintenance Expense was favorable \$1,085 primarily due timing of plant expenses (see pgs. 30 & 31).
 - Depreciation and Interest Expense was favorable \$1,197 due to lower depreciation, lower interest expense due to the pre-payment
 of debt and higher capitalized interest.

Your Teachstone Energy' Co-sperative 🗶



Your Touchstone Energy Cooperative XT

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$8,032 unfavorable to YTD 2010.
 - · Electric Energy Revenues were favorable \$17,898 primarily due to higher off-system volumes (see pg. 12).
 - Other Revenue was unfavorable \$5,416 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see pg. 26).
 - Operation Expense was unfavorable \$18,273 driven by higher variable costs \$21,306, partially offset by lower transmission reservation (see pgs. 13, 27 & 28) and lower administrative costs.
 - Maintenance Expense was unfavorable \$2,538 primarily due to the planned outage at Wilson this year and higher planned maintenance activities at the plants (pg. 30).
 - Depreciation and Interest Expense combined was lower \$280.



Your Trachstone Energy Cooperative XI

Member Rate Stability Mechanism <u>YTD June</u>

	Actual <u>2011</u>	Budget 2011	2011 Variance	Actual 2010	2010 Variance		Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
MRSM - \$/MWh						<u>Net Revenue - \$/MWh</u>					
Rural	(7.05)	(7.32)	0.27	(8.83)	1.78	Rural	38.52	37.77	0.75	35.93	2.59
Large Industrial	(7.05)	(7.32)	0.27	(8.83)	1.78	Large Industrial	34.43	34.26	0.17	32.59	1.84
Total	(7.05)	(7.32)	0.27	(8.83)	1.78	Total	37.33	36.82	0.51	35.01	2.32
MRSM - Thousands of \$						Net Revenue - Thousand	<u>s of \$</u>				
Rural	(8,260)	(9,021)	761	(10,694)	2,434	Rural	45,136	46,600	(1,464)	43,531	1,605
Large Industrial	(3,376)	(3,373)	(3)	(4,071)	695	Large Industrial	16,476	15,793	683	15,029	1,447
Total	(11,636)	(12,394)	758	(14,765)	3,129	Total	61,612	62,393	(781)	58,560	3,052

Economic Reserve Balance						
<u>Cumulative-to-Date</u> Original Deposit Interest Earnings	\$	<u>Actual</u> 157,000 2,373		<u>Budget</u>	<u>Va</u>	ariance
Withdrawals		(49,425)	•		•	
Cumulative through June 30th	\$	109,948	\$	110,173	\$	(225)
<u>YTD June 2011</u>						
Beg. Balance 1/1/2011	\$	121,220				
Interest Earnings		509				
Withdrawals		(11,781)				
Ending Balance 6/30/2011	\$	109,948	\$	110,173	\$	(225)



Your Touchand Energy Competence with

Cash & Temporary Investments

	Actual	Budget	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
June 30th	76,443	28,378	48,065	52,281	24,162

The June 30th, 2011 cash balance compared to budget is favorable primarily due to a higher beginning balance \$2,700, lower capital expenditures \$21,102 and a reduction in fuel inventory \$21,050.

The June 30th, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit <u>As of June 30th</u>	
Original Amount	\$ 100,000
Letters of Credit Outstanding Advances Outstanding	 (5,375) 0
Available Lines of Credit	\$ 94,625



Your Teacharoan Energy Cooperative Mat

North Star – YTD June

Г		2011		2010	5
Γ	<u></u>		Fav/(UnFav)		Fav/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service			(286)		(20,531)
Other Operating Revenues & Income	(1,520)	(9,542)	(8,022)	(6,936)	(5,416)
Smelter Avoidable Base Charge	(1,351)	0	1,351	(2,054)	(703)
Off-System Sales/Other					
Interest Income	(110)	(191)	(81)	(172)	(62)
Other Non-Operating Income	(9)	0	9	(14)	(5)
Other Capital Credits & Pat. Dividends	(97)	(96)	1	(13)	84
			15,891		(15,079)
			15,891		

Member MWh

4,978,719 5,310,432 (331,713) 4,821,586 157,133

North Star - \$/kWh

Big Rivers Electric copporations	TIER		
	Actual	Budget	<u>Fav/(Unfav)</u>
Interest on Long Term Debt	22,996	23,461	465
Net Margins			
TIER (6 months ending 6/30)			
TIER (12 months ending 6/30)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Your Touchstons Energy Choper and KT

Capital Expenditures*

	Actual	Budget	Fav/(UnFav)
IT	525	591	66
Generation	8,177	19,244	11,067
Transmission	2,721	10,575	7,854
Other	406	2,521	2,115
Total	11,829	32,931	21,102

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$3,372 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer, start-up buss tie and circulating water pump added to the favorability. Station Two was favorable \$3,101 due to reducing the scope of the HMPL 1 spring outage and timing of various projects. Green Station was favorable \$2,845 due to several projects being moved to later in the year. These include FGD rehab, boiler painting, generator rectifier and generator voltage regulator. The Wilson facility was favorable \$1,749 due to the delay of the dust collectors, conveyor belts and the secondary air-heater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Paradise Terminal Upgrade.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator, training facility remodeling and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

Revenue **YTD June** Actual Budget Actual 2010 Your Touchstone Energy Cooperative XT Variance 2011 2011 2010 Variance **MWh Sales** Rural 1,171,779 1,233,426 (61,647) 1,211,490 (39,711)17,684 17,485 478.636 460,952 461,151 Large Industrial 179,356 3,328,302 3,616,054 (287.752)3,148,946 Smelter **Off-System/Other** Total Revenue - \$/MWh 45.09 0.48 44.76 0.81 45.57 Rural 0.06 41.42 41.48 41.58 (0.10)Large Industrial 0.30 (0.42)43.27 42.97 43.69 Smelter Off-System/Other Total Revenue - Thousands of \$ (829)53,396 55,621 (2, 225)54,225 Rural 686 19,100 752 19,852 19,166 Large Industrial 6,422 Smelter 144.006 155,367 (11, 361)137,584 Off-System/Other Total

Revenue Price / Volume Analysis

YTD June 2011

	Price / Voh	ime	
	Price	<u>Volume</u>	<u>Total</u>
Rural	555	(2,780)	(2,225)
Large Industrial	(49)	735	686
Smelter	1,003	(12,364)	(11,361)
Off-System/Other			



Variable Operations Cost <u>YTD June</u>

Your Touchstone Energy Cooperative 💉

	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) Cost	- <u>\$/MWh</u>	u			
Rural				2012년 1월 2013년 1월 20 1월 2013년 1월 2	
Large Industrial					
Smelter					
Off-System/Other					
Total					
			Annalde, and an and a state		
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total				a gana sa	<u></u>

YTD June 2011 Variable Operations Expense





Net Sales Margin <u>YTD June</u>

Your Touchstone Energy Cooperative XI

Year Teacherone Etterny - Cooperative Anti-	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
Net Sales Margin - \$/MWh	and the second s	and the fight output of the second state of th	and the state of t		
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total	a criteria en la constance.	San			i - Erradi shi Matabaratin
Net Sales Margin - Thousands of \$					n an an an an State and a same an
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					The second s

Net Sales Margin Price / Volume Analysis YTD June 2011

Price / Volume

Rural Large Industrial Smelter Off-System/Other





Your Trachetons Enter Cooperative Kat

MWH Sales YTD - June





Revenue - \$/MWh Sold YTD - June

Your Tonchstone Energy Competitive 🐔





Your Touchstone Energy Co-spectrum 🔊

Revenue YTD - June





Power Cost - \$/MWh Sold YTD - June

Your Touchorone Energy Cooperative XT



Unfavorable

□ Prior Year



Power Cost YTD – June



■ Unfavorable □ Prior Year



Sales Margin - \$/MWh YTD - June

Your Texchology Energy Competitive 🐔





Sales Margin YTD - June

Your Tondatone Energy Cooperative 👫 -



□ Prior Year

Unfavorable



MRSM - \$/MWh YTD - June

Your Teachstone Energy Camper one Kat





MRSM YTD - June

Your Textistone Energy Competative 👫





Net Revenue (Excl. MRSM) - \$/MWh YTD - June

Your Texhstona Energy' Unspectrum 🐨



FavorableBudgetUnfavorablePrior Year



Net Revenue (Excl. MRSM) YTD - June

Your Teachstone Energy Competence ALT



FavorableBudgetUnfavorablePrior Year


Your Toxiston Eucry Cooperative X

Other Operating Revenue and Income

		2011	2010			
			Variance	2010	Variance	
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>	
June YTD	1,520	12	1,508	6,936	(5,416)	

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.



Nour Teachdone Energy Cooperative XII.

<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

		2011		2	010
			Variance	2010	Variance
	<u>Actual</u>	Budget	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)
כ			1,301		4,526

June YTD

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	(2,758)
HMPL 1 Outage scope reduction	1,436
Plant operations expense timing (Coleman \$480, Green \$586 & Wilson \$445)	1,511
Station-Two O&M timing	904
Other	208
Non-Variable Production and Other Power Supply - Operations	1,301
<u>Prior-Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	4,704
Other	(178)
Non-Variable Production and Other Power Supply - Operations	4,526



You Touchstone Energy Cooperative 🌿

Operation Expense – Transmission

		2011		2010	
			Variance	2010	Variance
	<u>Actual</u>	Budget	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)
)	5,914	7,839	1,925	3,848	(2,066)

June YTD

Favorable to budget primarily due to 1) lower than anticipated MISO related expenses \$589, 2) favorable labor expense as more is being charged to maintenance accounts than operations \$733 (see slide 31), and 3) various stations and lines fixed departmental expenses \$603.

Unfavorable to prior year due to MISO membership.



Your Texchistone Energy Competitive &

Operation Expense – Sales

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		2011	
			Variance
	<u>Actual</u>	Budget	Fav/(Unfav)
June YTD	23	457	434

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.



Your Touchetona Energy Cooperation 💉

Maintenance Expense – Production

	2011	2010			
		Variance	2010	Variance	
<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)	
		1,635		(2,477)	

June YTD

Favorable to budget due to projects at Green that have been delayed \$1,010. These included mill overhauls, fire water lines and heavy equipment maintenance. The Coleman facility is favorable \$318 due to a timing of maintenance activities such as mill and pump overhauls and bar screen repairs. Timing of expenses at Reid are favorable \$354.

Unfavorable to prior year due to higher planned maintenance activities this year and the planned outage at Wilson.



Your Torchstone Energy Comparison &

Maintenance Expense – Transmission

		2011	
			Variance
	Actual	Budget	<u>Fav/(Unfav)</u>
June YTD	2,140	1,592	(548)

Unfavorable to budget primarily due to higher maintenance expense and lower operation expense related to how labor is charged on an actual basis (There is more expense being charged to maintenance accounts than operations). The favorable variance in Operation Expense – Transmission offsets this unfavorable variance.

Monthly Financial Report - May 2011

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Your Touchstone Energy Cooperative 🔨

Financial Report May 2011 (\$ in Thousands)

Board Meeting Date: July 15, 2011

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Summary of Operations YTD May

		2011	2010			
			Fav/(UnFav)		Fav/(UnFav)	
	Actual	Budget *	Variance	Actual	Variance	
	229,377	219,613	9,764	218,447	10,930	
tric Service	226,940	220,274	(6,666)	210,270	(16,670)	
largins	2,437	(661)	3,098	8,177	(5,740)	
ome/Other	207	255	(48)	166	41	
- YTD	2,644	(405)	3,049	8,343	(5,699)	

* Budget Revenues and Cost of Electric Service revised to remove the power supply transmission reservation (off-setting).

Revenues

Cost of Electric Service

Operating Margins

Interest Income/Other

Net Margins - YTD



Statement of Operations – May Variance to Budget

Year-to-Date

Your Touchstone Friends 'Co-sponsitive 🗚 🔄

Your Tarkintone Energy 'A experiative 🗶 🖓							
			Variance			Variance	
-	Actual	Budget	Fav/(UnFav)	Actual	Budget	Fav/(UnFav)	Explanation
ELECTRIC ENERGY REVENUES	50,393	43,020	7,373	228,063	219,603	8,460	[A] Pages 7, 12-14
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	F 1 - 3 (- 1)
OTHER OPERATING REVENUE AND INCOME	319	2	317	1,314	10	1,304	[B], [C] Page 26
TOTAL OPER REVENUES & PATRONAGE CAPITAL	50,712	43,022	7,690	229,377	219,613	9,764	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,138	5,624	1,486	20,242	26 142	5 000	[A] Denne 7, 40, 44, 97
OPERATION EXPENSE-PRODUCTION-EXCLIPTEL	20,070	17,375	(2,695)		26,142		[A] Pages 7, 12-14, 27
				95,813	86,034		[A] Pages 7, 12-14
OPERATION EXPENSE-OTHER POWER SUPPLY	10,517	8,113	(2,404)	45,058	36,698		[A] Pages 7, 12-14, 27
OPERATION EXPENSE-TRANSMISSION	622	1,249	627	4,638	6,688		[B] Page 28
CONSUMER SERVICE & INFORMATIONAL EXPENSE	27	69	42	161	379	218	
OPERATION EXPENSE-SALES	7	52	45	1	389		[B] Page 29
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,198	2,260	62	10,952	10,663	(289)	
TOTAL OPERATION EXPENSE	37,579	34,743	(2,836)	176,865	166,993	(9,872)	
MAINTENANCE EXPENSE-PRODUCTION	2,632	3,285	653	14,774	17,415	2,641	[B], [C] Page 30
MAINTENANCE EXPENSE-TRANSMISSION	386	240	(146)	1,707	1,268		[B] Page 31
MAINTENANCE EXPENSE-GENERAL PLANT	13	8	(5)	41	47		
TOTAL MAINTENANCE EXPENSE	3,031	3,533	502	16,522	18,730	2,208	
DEPRECIATION & AMORTIZATION EXPENSE	2,878	3,010	132	14,436	14,917	481	
TAXES	0	21	21	63	104	41	
INTEREST ON LONG-TERM DEBT	3,863	4,042	179	19,244	19,549	305	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(17)	(54)	(37)	(354)	(159)	195	
OTHER INTEREST EXPENSE	0	Ō	0	59	82	23	
OTHER DEDUCTIONS	13	12	(1)	105	57	(48)	
TOTAL COST OF ELECTRIC SERVICE	47,347	45,307	(2,040)	226,940	220,274	(6,666)	
OPERATING MARGINS	3,365	(2,285)	5,650	2,437	(661)	3,098	
INTEREST INCOME	9	33	(24)	103	150	(56)	
ALLOWANCE FOR FUNDS USED DURING CONST	9	33 0	(24)	0	159 0	(56) 0	
OTHER NON-OPERATING INCOME - NET	2	0	2	7	0		
	2				-	7	
OTHER CAPITAL CREDITS & PAT DIVIDENDS EXTRAORDINARY ITEMS	0	0	0	97 0	96 0	1	
-							-
NET PATRONAGE CAPITAL OR MARGINS	3,376	(2,253)	5,629	2,644	(405)	3,049	

Current Month

Explanations: [A] Net Sales Margin, [B] 10% and \$250,000 line item or [C] 10% and \$500,000 margins.



Statement of Operations – May Variance to Prior-Year

Your Torscholsone Finance' Use personance 🔨 2	Current Month			Y	ear-to-Date		
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav) Explanation	
-	50.393	41,411	8,982	228,063	212,796	15,267 [A] Pages 7, 12-14	
INCOME FROM LEASED PROPERTY - NET	0	0	0	0	0	0	
OTHER OPERATING REVENUE AND INCOME	319	1,143	(824)	1,314	5,651	(4,337) [B], [C] Page 26	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	50,712	42,554	8,158	229,377	218,447	10,930	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,138	4,517	379	20,242	21,188	946 [A] Pages 7, 12-14, 27	
OPERATION EXPENSE-PRODUCTION-FUEL	20,070	15,418	(4,652)	95,813	85,234	(10,579) [A] Pages 7, 12-14	
OPERATION EXPENSE-OTHER POWER SUPPLY	10,517	8,919	(1,598)	45,058	40,536	(4,522) [A] Pages 7, 12-14, [B]	27
OPERATION EXPENSE-TRANSMISSION	622	618	(4)	4,638	3,193	(1,445) [B] Page 28	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	27	45	18	161	224	63	
	7	11	4	1	7	6	
OPERATION EXPENSE-SALES OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,198	1,426	(772)	10,952	11,200	248	,
TOTAL OPERATION EXPENSE	37,579	30,954	(6,625)	176,865	161,582	(15,283)	
	2 632	3,587	955	14,774	13,128	(1,646) [B],[C] Page 30	
MAINTENANCE EXPENSE-PRODUCTION	2,632	3,387	(52)	1,707	1,576	(131)	
MAINTENANCE EXPENSE-TRANSMISSION	386 13	7	(6)	41	90	49	
MAINTENANCE EXPENSE-GENERAL PLANT	13	((0)				
TOTAL MAINTENANCE EXPENSE	3,031	3,928	897	16,522	14,794	(1,728)	
	2,878	2,886	8	14,436	14,188	(248)	
DEPRECIATION & AMORTIZATION EXPENSE	2,079	2,000	2	63	68	5	
TAXES	3,863	3,700	(163)	19,244	19,713	469	
INTEREST ON LONG-TERM DEBT	(17)	(29)	(100)	(354)	(137)	217	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(17)	23)	. 21	59	43	(16)	
OTHER INTEREST EXPENSE	13	5	(8)	105	19	(86)	
OTHER DEDUCTIONS	15	5	(0)			• •	
TOTAL COST OF ELECTRIC SERVICE	47,347	41,467	(5,880)	226,940	210,270	(16,670)	
OPERATING MARGINS	3,365	1,087	2,278	2,437	8,177	(5,740)	
	9	31	(22)	103	141	(38)	
	9	0	0.	0	0	0	
ALLOWANCE FOR FUNDS USED DURING CONST	2	2	0	7	12	(5)	
OTHER NON-OPERATING INCOME - NET	0	0	ů O	97	13	84	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	0	0	0	
EXTRAORDINARY ITEMS	<u> </u>	<u>_</u>	<u> </u>				
NET PATRONAGE CAPITAL OR MARGINS	3,376	1,120	2,256	2,644	8,343	(5,699)	



Variance Analysis Summary

Your Touchstone Energy Cooperative 🔊



Financial Commentary

Year-to-Date

- YTD May 2011 Margins were \$3,049 favorable to budget.
 - · Electric Energy Revenues were favorable \$8,460 primarily due to higher off-system volume (see pg. 12).
 - Other Revenue was favorable \$1,304 (see pg. 26).
 - Operation Expense was unfavorable \$9,872 driven by higher variable costs \$13,190, partially offset by the reduction in scope of the HMPL 1 planned outage and favorable timing of operating expenses at transmission (see pgs. 13, 27, 28 and 29).
 - Maintenance Expense was favorable \$2,208 primarily due timing of plant expenses (see pgs. 30 & 31).
 - · Depreciation and Interest Expense was favorable \$997 due to lower depreciation and higher capitalized interest.



Your Touchstone Energy' Cooperative KT

Variance Analysis Summary



Financial Commentary

Year-to-Date

- YTD 2011 margins were \$5,699 unfavorable to YTD 2010.
 - · Electric Energy Revenues were favorable \$15,267 primarily due to higher off-system volumes (see pg. 12).
 - Other Revenue was unfavorable \$4,337 primarily due to a lower power supply transmission reservation, which is off-set in Operations Expense Other Power Supply (see pg. 26).
 - Operation Expense was unfavorable \$15,283 driven by higher variable costs \$17,766, partially offset by lower transmission reservation (see pgs. 13, 27 & 28) and lower administrative costs.
 - Maintenance Expense was unfavorable \$1,728 primarily due to unplanned outages at Coleman and Green this year, the planned outage at Wilson this year and higher planned maintenance activities at the plants (pg. 30).
 - Depreciation and Interest Expense combined was lower \$341



Your Touchstone Energy Cooperative KT

Member Rate Stability Mechanism <u>YTD May</u>

	Actual <u>2011</u>	Budget 2011	2011 Variance	Actual 2010	2010 Variance		Actual <u>2011</u>	Budget <u>2011</u>	2011 <u>Variance</u>	Actual <u>2010</u>	2010 <u>Variance</u>
MRSM - \$/MWh						<u>Net Revenue - \$/MWh</u>					
Rural	(7.28)	(7.01)	(0.27)	(8.99)	1.71	Rural	38.36	37.65	0.71	35.77	2.59
Large Industrial	(7.28)	(7.01)	(0.27)	(8.99)	1.71	Large Industrial	34.56	34.28	0.28	32.62	1.94
Total	(7.28)	(7.01)	(0.27)	(8.99)	1.71	Total	37.26	36.73	0.53	34.89	2.37
MRSM - Thousands of \$						<u>Net Revenue - Thousand</u>	<u>s of \$</u>				
Rural	(7,003)	(7,163)	160	(8,806)	1,803	Rural	36,886	38,456	(1,570)	35,069	1,817
Large Industrial	(2,876)	(2,684)	(192)	(3,424)	548	Large Industrial	13,642	13,125	517	12,442	1,200
Total	(9,879)	(9,847)	(32)	(12,230)	2,351	Total	50,528	51,581	(1,053)	47,511	3,017

Economic Reserve Balance										
<u>Cumulative-to-Date</u> Original Deposit	\$	<u>Actual</u> 157,000		<u>Budget</u>	Va	ariance				
Interest Earnings	Ψ	2,292								
Withdrawals		(47,424)								
Cumulative through May 31st	\$	111,868	\$	112,635	\$	(767)				
YTD May 2011										
Beg. Balance 1/1/2011	\$	121,220								
Interest Earnings		428								
Withdrawals		(9,780)								
Ending Balance 5/31/2011	\$	111,868	\$	112,635	\$	(767)				



Your Taxhstone Energy Competence MA

Cash & Temporary Investments

	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	2010 <u>Actual</u>	<u>Fav/(Unfav)</u>
May 31 st	67,027	29,493	37,534	49,836	17,191

The May 31st, 2011 cash balance compared to budget is favorable primarily due to lower capital expenditures \$17,717 and a reduction in fuel inventory \$20,298.

The May 31st, 2011 cash balance compared to prior year is favorable primarily due to voluntarily prepaying the RUS Series A Note during 2010.

Lines of Credit <u>As of May 31st</u>		
Original Amount	\$	100,000
Letters of Credit Outstanding		(5,625)
Advances Outstanding		0
Available Lines of Credit	\$	94,375



Your Trachston, httergy Cooperative 💐

North Star - YTD May

Γ	2011			2010	
		1	Fav/(UnFav)	Fa	av/(UnFav)
	Actual	Budget	Variance	Actual	Variance
Total Cost of Electric Service	na an ann an Anna Anna Anna Anna Anna A	an an an an a	1,276		(16,670)
Other Operating Revenues & Income	(1,301)	(7,952)	(6,651)	(5,651)	(4,350)
Off-System Sales					
Interest Income	(103)	(159)	(56)	(141)	(38)
Other Non-Operating Income Other Capital Credits & Pat. Dividends	(7)	0	7	(12)	(5)
	(97)	(96)	1	(13)	84
			12,630		(11,240)
u u		а <u>ар Алиниин на таки таки и на стран</u> ието и на с			

4,420,429

4,124,603

Member MWh

North Star	- \$/kWh

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(295,826)

131,398

3,993,205



TIER

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
Interest on Long Term Debt	19,244	19,549	305
Net Margins			
TIER (5 months ending 5/31)			
TIER (12 months ending 5/31)			

<u>Notes:</u>

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt



Your Touchston Energy Cooperative MT

Capital Expenditures*

Actual	Budget	Fav/(UnFav)
420	516	96
6,449	17,336	10,887
2,246	7,179	4,933
333	2,134	1,801
9,448	27,165	17,717
	420 6,449 2,246 333	420 516 6,449 17,336 2,246 7,179 333 2,134

Explanation:

Generation favorable primarily due to the timing or cancellation of projects. Coleman was favorable \$3,922 due to the cancellation of several projects including Interposing Logic System Controls and control room upgrade. The delay of several projects including the C2 Aux Transformer and circulating water pump added to the favorability. Station Two was favorable \$2,747 due to reducing the scope of the HMPL 1 spring outage. Green Station was favorable \$2,299 due to several projects being moved to later in the year. These include FGD rehab, IUCS Controls, Sample & Analyzers and OFA Jordan drives. The Wilson facility was favorable \$1,919 due to the delay of the dust collectors, conveyor belts and the secondary air-heater milestone payment.

Transmission favorable primarily due to the timing of the Wilson Line 19F Terminal, Two-Way Radio Replacement and Paradise Terminal Upgrade.

Other favorable primarily due to the delay in purchasing the PCI Software, Operator Training Simulator and analyzers and a chromatograph for the Environmental Department.

* Gross of the City's share of Station Two.

Big Rivers

Revenue <u>YTD May</u>

Tour Teachstone Filorge Competentive St	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
MWh Sales	an an ann an an an an ann an ann an ann ann an a				
Rural	961,586	1,021,540	(59,954)	980,170	(18,584)
Large Industrial	394,769	382,838	11,931	381,292	13,477
Smelter	2,768,246	3,016,051	(247,805)	2,631,743	136,503
Off-System/Other					
Total					Taratan Sanatai (na 190
Revenue - \$/MWh					generation and an and a state of the
Rural	45.64	44.66	0.98	44.76	0.88
Large Industrial	41.84	41.29	0.55	41.61	0.23
Smelter	43.43	42.70	0.73	43.83	(0.40)
Off-System/Other					
Total		en al anna an a			a a anna a la
Revenue - Thousands of \$					en e
Rural	43,889	45,619	(1,730)	43,875	14
Large Industrial	16,518	15,809	709	15,866	652
Smelter	120,223	128,795	(8,572)	115,361	4,862
Off-System/Other					
Total					

Revenue Price / Volume Analysis YTD May 2011

	Price / Vo	lume	
	Price	Volume	<u>Total</u>
Rural	947	(2,677)	(1,730)
Large Industrial	216	493	709
Smelter	2,010	(10,582)	(8,572)
Off-System/Other			



Variable Operations Cost YTD May

Your Tranhstone Energy Cooperative ST

Teachstone enters a cooperative sea	Actual <u>2011</u>	Budget <u>2011</u>	Variance	Actual <u>2010</u>	2010 <u>Variance</u>
Variable Operations (VO) Cost -	the second se				
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total			an a	Malaka utan utan kuma	and the second second second
VO Ocot Theusendo of C	adaman ya kuta wa kata kata kata kata kata kata kata	a ta dan ayan ayan ayan ayan ayan ayan ayan	and the state of the		2000
<u>VO Cost - Thousands of \$</u> Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD May 2011 Variable Operations Expense





Net Sales Margin <u>YTD May</u>

Your Touchstone Energy Cooperative XI

	Actual	Budget		Actual	2010
	<u>2011</u>	<u>2011</u>	<u>Variance</u>	<u>2010</u>	<u>Variance</u>
<u>Net Sales Margin - \$/MWh</u>		Landelin and the state of the state of the	Thermonic much strades dates and		
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$	and a contraction of callers of the		ang pada ang manang manang Manang manang		anna an ann an an an an an an an an an a
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total	land and the second			an a	

Net Sales Margin Price / Volume Analysis YTD May 2011

Price / Volume



Rural Large Industrial Smelter Off-System/Other



Your Touchstone Energy Conjectures 😒

MWH Sales YTD - May





Revenue - \$/MWh Sold YTD - May

Your Texchistone Energy Choose name and





Your Torch tone Energy Cooperation &

Revenue YTD - May





Power Cost - \$/MWh Sold YTD - May

Your Toxistone Energy Cooper true 🚮





Power Cost YTD – May







Sales Margin - \$/MWh YTD - May

Your Teachstone Energy Competence 👫 :





Sales Margin YTD - May

Your Texchatone Energy Cooperative AT



Unfavorable

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MRSM - \$/MWh YTD - May

-Your Teachstone Energy' Cooperative 🚿



Unfavorable

□ Prior Year



Your Teachstone Energy Cooperative MT

MRSM YTD - May



FavorableBudgetUnfavorablePrior Year



Net Revenue (Excl. MRSM) - \$/MWh YTD - May

Your Toncistone Energy Co-perature KT



FavorableBudgetUnfavorablePrior Year



Net Revenue (Excl. MRSM) YTD - May

Your Touchstone Energy Cooperative X



FavorableBudgetUnfavorablePrior Year



Your Touchstone Energy Congerture 🛠

Other Operating Revenue and Income

		2011			2010
			Variance	2010	Variance
	<u>Actual</u>	<u>Budget</u>	Fav/(Unfav)	<u>Actual</u>	Fav/(Unfav)
May YTD	1,314	10	1,304	5,651	(4,337)

Favorable to budget due to (intentional) omission of the power supply transmission reservation (from the budget).

Unfavorable to prior year due to a lower power supply transmission reservation.

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Your Teacher one Energy Camper over 1

<u>Non-Variable Production and</u> <u>Other Power Supply – Operations</u>

		2011		2	2010
			Variance	2010	Variance
	<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
May YTD			951		3,611

	a	У	20120	

<u>Current Year Variances</u>	Fav/(UnFav)
Power Supply transmission reservation	(2,296)
HMPL1 Outage scope reduction	1,436
Plant operations expense timing (Coleman \$509, Green \$350 & Wilson \$317)	1,176
Station-Two O&M timing	409
Other	226
Non-Variable Production and Other Power Supply - Operations	951
Prior-Year Variances	Fav/(UnFav)
Power Supply transmission reservation	3,994
Other	(383)
Non-Variable Production and Other Power Supply - Operations	3,611



Your Torkholone Energy Cooperative 🚮

Operation Expense – Transmission

	2011			2010
		Variance	2010	Variance
<u>Actual</u>	Budget	Fav/(Unfav)	<u>Actual</u>	<u>Fav/(Unfav)</u>
4,638	6,688	2,050	3,193	(1,445)

May YTD

Favorable to budget primarily due to 1) lower than anticipated MISO related expenses \$705, 2) unfilled positions and more labor capitalized than budgeted \$658, and 3) various stations and lines fixed departmental expenses \$687.

Unfavorable to prior year due to MISO membership.



Your Touchstone Energy Cooperative MT

Operation Expense – Sales

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		2011		
		Variance		
	<u>Actual</u>	Budget	Fav/(Unfav)	
May YTD	1	389	388	

Favorable to budget primarily due to timing of fixed departmental expenses in the marketing area.



Your Tendetone Energy Unoperative XA

Maintenance Expense – Production

	2011			2010
		Variance	2010	Variance
<u>Actual</u>	Budget	<u>Fav/(Unfav)</u>	Actual	Fav/(Unfav)
	the Selection of the Selection	2,641		(1,646)

May YTD

Favorable to budget due to projects at Green that have been delayed \$1,149. These included mill overhauls, fire water lines and heavy equipment maintenance. The Coleman facility is favorable \$707 due to a timing of maintenance activities such as mill and pump overhauls and bar screen repairs. Timing of expenses at Reid are favorable \$354.

Unfavorable to prior year due to higher planned maintenance activities this year, the planned outage at Wilson and higher unplanned outages at Green and Coleman.



Your Texcheston Energy Compensate & T

Maintenance Expense – Transmission

		2011	
			Variance
	<u>Actual</u>	Budget	Fav/(Unfav)
May YTD	1,707	1,268	(439)

Unfavorable to budget primarily due to higher maintenance expense and lower operation expense. The favorable variance in Operation Expense – Transmission offsets this unfavorable variance.